Central Bank Fight Shifts to Parliament

LARGEST CIRCULATION OF ANY CANADIAN FINANCIAL PAPER

THE FINANCIAL POST

The Canadian Newspaper for Business Men and Investors

CANADIAN MINING NEWS DEPARTMENT ON PAGES 15-16

Vol. XXVII | Member of Audit Bureau of Circulations | PUBLICATION OFFICE: TORONTO, NOVEMBER 18, 1933 | 10c a Copy; $5.00 a Year | No. 46

The Nation's Business

The Macmillan Report
High Tribute To Our Banks
Central Bank Bill Has Thorny Path To Travel
Safeguards Must Be Provided

Canadian Banks Are Well Run

THE outstanding feature of the report of the Royal Commission on Banking and Currency in Canada is of course the recommendation in favor of a central bank.

But of almost equal importance is that after hearing 772,000 words of evidence about banking in this country, the commissioners were able to find nothing in the policies or practices of Canadian banks to moderate their praise of the manner in which Canadian banks have met the needs of Canada in good times and bad.

In the general banking and monetary system, of which the banks are a part, the commissioners thought they discerned two basic weaknesses, one in relation to the control of credit in the national economy and one in relation to the financing of farming operations. By a simple majority of one in a commission of five they made a recommendation designed to remedy the first of these weaknesses. The second weakness they apparently found easier to define than to correct for they dexterously handed the problem back to the politicians to solve themselves.

But in the system of commercial banking and in the chartered banks they found nothing wrong.

The significance of this fact should not be lost in the intense interest that their comments on central banking have elicited from the press and public at large.

Canadian banks are sound and they are managed in the public interest. This much we have had on high authority to confirm what has been, in any event, generally recognized before.

* * *

A Central Bank For Canada

THE scene now shifts from the Macmillan Commission to the floor of Parliament where, during the next session, the Bank Act will be revised, the charters of the existing commercial banks of Canada extended, and the question of what kind of a central bank Canada is to have will be threshed out. For it may be taken for granted that some form of central banking institution will be set up. The majority report of the Royal Commission, the promises of Mr. Bennett and several of his ministers and the existence of a central bank plank in the platform of the official opposition seem to make it certain that the country is to be given at an early date some kind of institution to exercise a larger measure of control over the country's financial and monetary policy than is now given.

That a central bank will be established at the immediately ensuing session of Parliament is no certainty. Other countries that waxed enthusiastic over central banking found it a little more difficult to set up the bank than to decide to do it. India and New Zealand, for instance, are only now completing a job in that respect that they started a long time ago.

* * *

WITH such virtual unanimity of opinion in political circles in favor of the establishment of a central bank one might conclude that the government will be able to draw up a bill implementing the recommendations of the Macmillan Commission and push it through Parliament to the accompaniment of no more excitement than a few whoops from the government benches and a few hurrahs from the opposition side. Nothing could be farther from the truth. For there are all kinds of central banking institutions and each kind is capable of being started off with any one of a number of different types of basic general policy. So the fight will likely take place on the terms of the establishment of the bank and it is here where the country will have to watch its step.

It would be possible, as The Financial Post has pointed out before, to set up a simple type of central banking organization that would be little more than an enlargement of the present treasury board in its management of the Finance Act and that could make a useful contribution to Canadian banking, particularly in providing what the Royal Commission calls "more rational and unified control over the credit structure."

The Financial Post agreed with

(Continued on page 2, col. 3)

50,000 TONS NEWSPRINT TO HOLD PRICE

Propose Creating Pool to Help Weaker Producers

NEW YORK MEETING

Gathering This Week Will Determine Course Over Next Twelve Months

From Our Own Correspondent

MONTREAL.—Newsprint manufacturers in Canada, the United States and Scandinavian countries meet in New York this week to determine whether or not the temporary truce on newsprint prices, which expired on November 15, would take more permanent form under the terms of the code drawn up under the N. R. A.

At the same time a decision will be reached as to the formation of an organization of Canadian manufacturers to co-operate with a similar body in the United States.

Over the last 10 days several meetings of the Canadian producers have been held in Montreal. While they are in accord as to the evil effects of price cutting and the necessity of co-operating with the American body on the N. R. A. code, the fact that certain of the producers are short of newsprint tonnage has made it difficult to secure whole-hearted co-operation.

Create 50,000-ton Pool

It is proposed to get around this difficulty by arranging to provide those manufacturers with a limited amount of business with contributed tonnage from the producers in a more fortunate position.

To that end International Paper Co. is reported to have underwritten 50,000 tons of newsprint for distribution among Canadian manufacturers who feel that they cannot

(Continued on page 2, col. 6)

MILLERS URGE AGAINST TAX UPON WHEAT

But No Decision Yet from Ottawa Talks on Process Impost

From Our Own Correspondent

OTTAWA. — Representatives of the milling industry have been at Ottawa in the past week discussing the advisability of a processing tax on wheat consumed in Canada. The discussions have not concluded and there is, as yet, no indication that the Bennett Government is in any way committed to the policy.

Behind these discussions lie the London wheat agreement and the question of whether or no it is necessary or advisable that a curtailment of wheat production next year should be aided by the payment of compensation to Western farmers.

Depending on Nature

Hitherto the Bennett Government is believed to have been prepared to allow Nature to take her course. It is well known that the infestation of millions of acres of wheat land by grasshoppers will almost certainly result in a reduced crop. The proper remedy is to plow the land down and leave it during the summer months. If the infested land is sown it is thought certain, or almost so, that the grasshoppers will destroy the crop.

But it appears that members of the Roosevelt "brain trust" lack the confidence of the Ottawa authorities in the ability of Nature to bring about a reduced out-turn of wheat. The letter recently published in The Financial Post from Mordecai Ezekiel strongly supports the view that representations have been made from Washington to Ottawa to the effect that a definite governmental policy of acreage reduction would be welcome.

Millers Against Impost

It is just possible, according to the agricultural experts, that a prolonged, cold, wet spring will destroy the grasshoppers and pave the way for a bumper harvest.

While not enamored of a policy of a processing tax wherewith to raise sufficient money to pay compensation to individual farmers for acreage reduction, the Bennett Government has been canvassing the situation in recent conversations with the millers. It is understood that the millers are strongly against the tax. It is regarded as probable that the discussions will convince the cabinet of the undesirability of adopting the proposal next year.

Winnipeg Apathetic

From Our Own Correspondent

WINNIPEG—There is little interest in the suggestion reported from Ottawa of a processing tax on wheat for use in domestic consumption, to provide funds to accomplish acreage reduction.

General opinion appears to be that after exception had been made of flour ground for producers, which presumably would be exempt, revenue which could be raised would be too small to produce important results, if any attempt were made to spread it over the whole wheat growing area.

Mr. Bennett's Attack On The Financial Post

Hundreds of Canadians listening on the radio the other night heard the Prime Minister of this country, in a political speech, make a bitter attack upon The Financial Post.

The Ottawa Journal and the Toronto Mail and Empire reports of what Mr. Bennett said read as follows:

Ottawa Journal Report

"'The Prime Minister criticized those who essayed to misrepresent the value of the trade preferences obtained for Canada and said the representative in Ottawa of The Fantastical Post, had written an article which did not give a true picture of the benefits accruing to the apple exporters of Ontario. He said this writer was the representative of the Free Press (Winnipeg) and that he had been instructed to write anything that was against 'Bob' Manion or against the Prime Minister. He wondered why any Canadian with a love of his country could write or print such things."

Mail & Empire Report

"Mr. Bennett then lashed out in a bitter attack on The Financial Post of Toronto and its Ottawa correspondent. This newspaper, he said, had recently declared on its front page that the Canadian apple industry was being ruined by the Empire trade agreements. He referred to the newspaper as that paper sometimes known as 'The Fanciful Post.'

"'Fanciful statements,' he said, 'are made that appear only for the purpose of deluding people. The reports are so bad that sometimes I wonder if they are written by Canadians with the interests of their country at heart. They continue and persist in manufacturing statements and why? Because the correspondent for that paper is the correspondent for the Winnipeg Free Press, where the instructions are always to send news to harm the Government or Bob Manion or myself.'"

The reports are, we assume, fairly accurate accounts of the Prime Minister's speech except that his whimsy led him to speak of us as The Fanciful Post and not as The Fantastical Post, as the Journal reports. But Fanciful or Fantastical, let us take the Prime Minister's statements in order.

Accuracy Is Cardinal Principle

What the Prime Minister has done is to charge The Financial Post with inaccuracy, even with deliberate falsification of the news. Accuracy is a cardinal principle in The Post's policy and the serious allegations of so important a person as the Prime Minister can not be left unanswered particularly as they are false and untrue in every particular. The Prime Minister's falsehoods are here set down with the real facts in each case:

Falsehood No. 1.—Mr. Bennett says that our representative in Ottawa wrote an article that did not give a true picture of the benefits accruing to the apple exporters of Ontario from the Ottawa agreements and that the article said the apple industry was being ruined by those agreements.

During the past year, The Financial Post has had no article regarding apples from any one of its Ottawa correspondents and no article on its front page concerning apples.

It has never in any article asserted that the Ottawa agreements were ruining the apple industry. It has for that matter had only two articles in which the sale of apples abroad was discussed.

One was a careful transcript of an official report by the Canadian Fruit Commissioner in London and as the fruit commissioner (not The Financial Post) said that "no revolutionary change in the supplies from foreign countries is to be expected" it may be that this is the article to which the Prime Minister takes objection. That is a matter between him and his official in London.

The other article was written by J. K. Ross-Duggan, editor of Canadian Trade Abroad, a well-known, constructive authority on export selling, and was signed with his name, so that no intelligent person could have thought it was written by anyone else. It contained no statement justifying the Prime Minister's comment, no statement remotely resembling the Prime Minister's "quotation." It dealt with selling methods not tariffs, but gave Empire tariffs as one of two favorable factors in the situation.

No One Instructed To Be Unfriendly

Falsehood No. 2.—The Prime Minister said that this article was written by the representative of the Winnipeg Free Press and that the correspondent of the Free Press is also the correspondent of The Financial Post.

We have already shown that no correspondent of The Financial Post in Ottawa wrote an article on apples under the preferences. The facts about The Post's contributors in Ottawa are as follows:

In Ottawa, there are four writers who are fairly regular contributors to The Post as well as a number of others who write less frequently. The Financial Post does not maintain its own editorial bureau in Ottawa as the complexity of governmental affairs makes it desirable to utilize the services of a large number of writers each an expert in some line. No one man, however able, can "cover" Ottawa completely for a paper like The Financial Post. Some of these correspondents write for other newspapers at home or abroad; one writes for the Winnipeg Free Press and is perhaps the ablest of many good correspondents at Ottawa. Others are more technical experts. Everything that any one of them writes is carefully checked in the editorial offices and nothing savoring of a partisan character is accepted for publication.

Falsehood No. 3.—The Prime Minister states that our correspondent has been instructed to write anything that was against "Bob" Manion and the Prime Minister. This statement, if Mr. Bennett actually made it about The Post, is also a falsehood. The Financial Post has resident editors or correspondents in all the leading cities of Canada as well as abroad. All correspondents of The Financial Post are instructed to send news or independent interpretation of the news. No one who has ever written for The Financial Post has ever been instructed to write anything against Dr. Manion, the Prime Minister or any other decent citizen.

Falsehood No. 4.—Equally the charge that "fanciful statements are made that appear for the purpose of deluding people" is a falsehood.

Consistent Supporter of Empire Preferences

Falsehood No. 5.—The Prime Minister criticized those who essayed to misrepresent the value of the Imperial Preferences and The Financial Post is included by him among the critics of the Ottawa treaties.

No newspaper in Canada has more consistently, over the years, fought the battle for Empire trade treaties. No newspaper in Canada has been more consistent in its approval and support of the agreements that were signed in Ottawa in 1932, nor more generous in its praise of Mr. Bennett for his fine achievement in forcing through these treaties. Any statement inferring that The Financial Post has misrepresented or opposed the Ottawa agreements is a falsehood. At times The Post has found itself in disagreement with various aspects of some of Mr. Bennett's domestic policies and it has criticized at times the manner in which the preference agreements have been administered.

The Financial Post has weathered the storm of much criticism and misrepresentation in its 26 years of advance to the position of the leading independent newspaper of national circulation in Canada.

Most such misrepresentation is unworthy of attention. But the statements of the Prime Minister of Canada may, by some people, be taken to have behind them the accuracy that one expects from people in high places. For that reason and in fairness to a loyal group of readers from coast to coast this statement is published.

Mr. Bennett, who is such a great stickler for accuracy in others, will be the first to appreciate why his unjust falsehoods concerning The Post had to be refuted with the facts.

Similar attacks have been made before by Mr. Bennett not only upon The Financial Post but upon others. They do him much more harm than they do the people he attempts to criticize. They greatly impair his usefulness in the country.

Bell Telephone Position Shows Signs of Strength

From Our Own Correspondent

MONTREAL.—Check in the decline in telephone installations on the Bell Telephone Co. of Canada's system in the past two months, is taken to indicate an improvement in business conditions and a betterment in the company's own operations. Officials of the company are reticent in commenting upon the situation, but it is understood that since last September the company has been encouraged by the fact that installations have equalled and, in some periods, exceeded the number of take-outs.

Over the last two years the Bell Telephone has suffered a net loss in the number of telephones installed, running into many thousands of instruments. The decline in the volume of business and the inability of many former subscribers to continue the services, made appreciable inroads into the company's operations.

More Favorable Trend

The net monthly loss in telephone installations since the beginning of the year has steadily declined and in September last it is said that new installations were almost equal to the number of take-outs. The October figures are reported to have shown the trend reversed, with the number of installations exceeding the take-outs.

—Drawn for The Financial Post by Cecil Thomson.

NURSE MACMILLAN: "Now, be good children and give your new baby brother some of your toys to play with."
THE BANKS: "But we didn't ask for a new baby brother!"

Bank Stock Prices Steady on Report; Keen Battle Seen

No Clear Sailing for Central Bank Plan

OTTAWA GIRDS LOINS

Even Proponents of Central Bank Far from Satisfied With Macmillan Proposals

From Our Own Correspondent

OTTAWA.—Both major recommendations of the Royal Commission on banking are proving highly controversial and the reaction so far at Ottawa would indicate that the hope of the ministry that a fair degree of unanimity would be observable in the public mind seems unlikely of realization.

The proposal to create a central bank has caused a fresh and more vigorous outbreak of praise and criticism with the latter predominating. And the suggestion of the commission that the government should create an institution to furnish intermediate credit to farmers seems unlikely to win support in the quarters where it was believed to be desired and has aroused severe criticism elsewhere.

With regard to the latter the best information available is that the government will not consider the creation of a separate organization to handle intermediate credits but will broaden the functions of the Farm Loan Board to include this type of loaning.

In a broad way it is pointed out in official quarters that the report is not binding on the government and does not compel the adoption of policies. The purpose of the commission was to educate public opinion and to advise the government. The ministry, however, is not bound to accept the advice. Indeed on an average 90 per cent of commission reports are pigeonholed and never acted upon and of the balance, only a small percentage of the recommendations find their way into the statutes.

The banking report, it is hoped,

(Continued on page 2, col. 5)

Loss of Note Issue to Central Bank Will Reduce Earnings

WILL COME SLOWLY

Loss of Government Business Will Affect Bank of Montreal — More Western Directors Probable

Recommendations of the Royal Commission on Banking and Currency may have a definitely adverse effect upon the earnings of the ten commercial banks if they become law at the next session of the Federal parliament. Just how adverse the effect will be cannot as yet be determined nor is there any indication that the full effect will be felt by the banks in the immediate future but 38,000 domestic and 12,000 foreign shareholders of the chartered banks are now in a better position to judge for themselves the extent to which a central bank will affect their investment.

The report of the commission headed by Lord Macmillan recommends a central bank that will have the sole right of note issue; a central bank that should be the banker for the Federal Government and possibly the banker for the Provincial Governments; it would buy and sell foreign exchange. All of these functions would be taken over in whole or in part from the chartered banks who would continue as commercial banks, in which field the central bank would not compete. Premier Bennett has indicated that Canada is to have a central bank and while the main features of the constitution of such a bank, as recommended by the Macmillan report may be the subject of debate in parliament but few doubts are expressed in financial circles that the recommendations will become law.

Stock Prices are Stable

If they do become law and a central bank takes over control of the note issue and become the banker for Federal and Provincial Governments, bank earnings will suffer in the opinion of bankers. Yet bank stocks have shown no undue weakness in market price either immediately after the publication of the Royal Commission's report or in the months immediately preceding.

(Continued on page 2, col. 4)

Record Levels Shoe Production Not Maintained

Heavy shoe production in September is revealed by recently released statistics and provides the feature of business indices completed during the past week. A ten per cent decline from the extraordinarily high level of August is shown but the September figure is 18 per cent above that of the same month of 1932. Reports from the factories since September, however, indicate that this increased production has not been maintained, the weakening in leather prices since August causing the demand to narrow considerably.

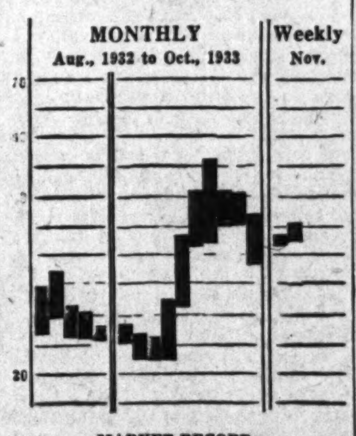
Wheat prices at Winnipeg have shown strength during the past week due to better export demand but there has been little activity in other commodities traded in Canada. In the United States, dollar devaluation has boosted commodity prices slightly although over the week there has been a general loss in gold values.

Monthly		October, '33	Change From Prev. Period %	From Prev. Year %
W'sale price,	Index	67.9	— 1.5	+ 4.5
Retail price,	Index	77.9	— 1.2	— 3.1
		September, '33		
Shoe prodctn.,	paid	2,035,525	—10.1	+18.2
Failures, No.		155	+ 3.3	—19.7
Liabilities, $		2,344,568	— 0.6	—21.3
Weekly*				
D.B.S. business,	Index	83.9	— 4.7	+15.2
Carloadings, No.		50,688	+ 2.4	+11.3
Cattle sales, No.		15,745	—21.3	+45.0
Hog sales, No.		21,016	— 7.0	+ 9.0

* Weeks ended Nov. 4, 4, 9 and 9 respectively.

Stock Market

20 INDUSTRIAL STOCKS



MARKET RECORD

20 Industrial Stocks	High	Low
Week of Nov. 14	43.5	42.6
Week of Nov. 7	44.2	42.1
Month of November, 1932	30.2	26.1
10 Public Utilities		
Week of Nov. 14	49	48
Week of Nov. 7	49	47
Month of November, 1932	48	43
8 Bank Stocks		
Week of Nov. 14	173	170
Week of Nov. 7	172	169
Month of November, 1932	173	161

Highlights of the week

Bank Enquiry

Why a central bank is proposed and opposed by members of the Macmillan Commission. How the report affects bank customers and what the proposed probe of farm credit means. Page 9. How a central bank might be organized. Page 13. The banks and the bond business. Page 5. Where holders of bank shares stand, and Ottawa's reaction. Page 1. The report from a national viewpoint. Nation's Business column. Page 1.

N. R. A. Crisis

Putting the Blue Eagle to bed faces the United States, as labor and capital rebel at N.R.A. schemes. Dr. Gaines T. Cartinhour of New York University shows how the end of the N.R.A. may come. Page 3. But the American voter is not yet ready to abandon Rooseveltism for a return to Hooverism. Page 6.

Business Insurance

What a credit man thinks of it. R. M. Haultain starts a new series on this topic in response to requests. Page 12.

Cutting Costs

How air conditioning may reduce size of heating plants and operating costs, and why it affects investors. Page 3.

Mr. Pattullo

No radical, no reactionary, Thomas Dufferin Pattullo, New B. C. premier, steps jauntily into office promising action. His principles, policies and personality. Page 8.

Steam Shovel Mining

B. C. Cariboo Gold Fields stripped the overburden on several Bridge River claims. What they found. Page 16.

Cutting Heat Costs

How air conditioning equipment can be made to pay for itself in new construction. Page 3.

Silver's Future

Let it alone and it'll come home is view of Brookings Institution. Page 16.

Investor's Index

God's Lake developments	16
Quebec Power's offer on rates	4
Foundation Co.'s order book	4
MacKinnon Steel suffers loss	3
Siscoe output jumps	16
Lake Shore's profits less	15
St. Anthony actively worked	15
Can. Northern Power's progress	8
Consumers Gas sales down	15

INDUSTRIALS, UTILITIES, ETC.

Abitibi	2	Goodyear	11
Aldred Inv't.	4	Int. Nickel	1
Burns & Co.	5	Imp. Tobacco	5
B. C. Power	11	Jamaica P. Ser.	4
Bell Telephone	1	MacKinnon Steel	13
Canadian Hydro	11	Massey-Harris	11
Can. Permanent	11	Matthews S.S.	5
Can. Celanese	5	Montreal Trams.	11
Can. W. Lumber	5	Power Corp.	11
Can. Goodrich	11	Quebec Power	4
Can. Nor. Pwr.	15	Service Stations	11
Consumers Gas	15	Shawinigan	11
Confed. Life	12	Stavely Apts.	8
Dominion Stores	15	Steel of Canada	11
Ford	11	Steel of Can.	5, 11
Foundation Co.	4	Walker's-G. & W.	5
Gatineau Pwr.	11		

MINES AND OILS

Anaconda O.	16	Ont. Woman L.	15
B. C. Cariboo	16	Realty & Mines	16
Fiske Gold	11	Rhokana	16
God's Lake	16	Roan Antelope	16
Herbin Lake	16	Siscoe	16
Jones Porter	16	Spooner Oils	16
Lake Shore	15	St. Anthony	15
Lakeland	11	Wabana	15
Model Oil	16	Wright-Harg.	16

QUOTATIONS

Bonds	14	Mines	15
Grain	10	Stocks	14
Foreign Exchange	13		

REGULAR DEPARTMENTS

Answers to Enquiries	11
Business	7
Banking	13
Editorial	6
Grain and Milling	10
Insurance	12
Mining	15, 16
Utilities and Transportation	4

NICKEL RUNNING AT HIGH LEVELS PROFIT DOUBLES

Market Observers Sense Armament Orders as Principal Cause

GERMANY NIBBLES

Herr Berg Wants 10,000 Tons of Nickel-Copper Matte — Cash Higher, Inventories Lower

The breakdown in the World Economic Conference, political uncertainties the world over, the threatening aspect of affairs in Germany and the greater difficulties facing disarmament efforts have apparently caused a sudden increase in demand from world powers for nickel to the extent that the company's earnings on the common stock in the last quarter are more than double what they were in the preceding quarter and compare with a loss in the first nine months of 1932. No doubt buyers needing it for peace uses also feel that, with this overhanging competition in buying it is a good thing to look after future needs at present prices. In any event, Canadian production in June and July amounted to 17,500,000 pounds of nickel, or more than half of the entire output for 1932. Production activity has been increasing since July, with every indication of continuing at capacity.

International Nickel and Falconbridge Nickel, under the stimulus of this sudden demand, have been going almost at maximum capacity, according to reports. There is a tendency on the market to connect recent activity in part with the visit at the end of October of Eysten Berg, of the Farbenindustrie Company of Frankfort-on-Main, Germany, with the object of buying 10,000 tons of nickel-copper matte. Such a purchase would permit a substantial armament programme in Germany. Whatever is causing it, nickel is reported to be turned out at present at a greater rate than in the palmiest days of the industry in 1929 when 110,000,000 pounds were produced for the whole year. The German order alone is reported sufficient to look after alloys of high grade alloy steel of 160,000,000 pounds.

Quarter Profit 22½c. on Common

Net profit of The International Nickel Company of Canada, Ltd., for the quarter ended September 30, 1933, was $3,773,130.49 after provision for taxes, interest, depreciation, depletion and other reserves. This is equivalent to 22½c. a share on the common stock after allowing for preferred dividend payment of $483,475. It compares with a net profit of $1,943,047 in the second quarter, equivalent to ten cents a share on the common. In both quarters credit of $522,517 and $603,589, respectively, resulting from exchange adjustments, were carried to contingent reserve and are not included in net profit.

Income and Surplus Account

	Three months ended Sept. 30, 1933 $	June 30, 1933 $
Earns. from oper.	5,635,728	3,347,960
Less:		
Admin. & gen. exps.	265,214	258,378
Prov. for taxes	604,278	213,342
Net oper. profit	4,766,236	2,876,240
Add: Other income	63,688	64,852
	4,829,924	2,941,092
Less: Depr., depl., etc.	936.410	875,307
Int. paid & accr.	120,383	122,738
Net profit*	3,773,131	1,943,047
Less appropriations:		
Pref. dividends	483,475	483,475
Surplus	3,289,656	1,459,572
Add: Prev. surplus	15,808,961	†14,349,389
Bal. carried fwd.	19,098,617	15,808,961

*Not including net credits of $603,589 and $522,517 in the third and second quarters respectively resulting from exchange adjustments, which have been credited to contingent reserve.

†Includes credits of $87,462 and $137,000 in the second and first quarter respectively in respect of taxes of previous years.

Earnings per Share:		
Common	$0.22½	$0.10

Having sustained a loss of $80,-

(Continued on page 2, col. 1)

Think of It!

Send Our Surplus Ministers to Our Rural Schools

Meetings of ministerial associations indicate that there are many clergymen out of work. As a remedy a form of protection is suggested but whether a tariff should be put on imports of clergymen through the Customs Department or whether they should be put on the immigration barred list is not quite clear.

Some of the clergy, who should be our chief community leaders do not observe or think and they are always the first to fall for and advocate impractical economic theories which experience shows have never worked.

Fortunately, records show that the great mass of Canadian clergy are guided by common sense and experience in their policies. Of course, they have the best textbook to begin with in the Bible. It is true too many of them misuse the teachings of the Bible and adapt them to their own weird theories and mentalities. But a lot of them bring up their families on the practical teachings of the Bible, with the result, the records show that the children of our religious leaders are 28 times more successful in life than are those from any other homes.

Men who observe this and think say that our church leaders must be our best teachers. Hence, why are not these unemployed clergy put in charge of our schools, particularly our rural schools, from where so many of our best stock come? The same observers suggest that from this experience we should encourage immigration of the numerous unemployed or low-paid university-divinity graduates from the Mother Country for our schools.

CUSTOM TAILORING DEPARTMENT T. EATON Co.

TORONTO SAYS "TAILS"

More than ever before is full evening dress necessary to the man who would be well dressed—but, they must be correct to the very last detail. At one time "tails" hardly varied in style from one season to the other, but this is not now the case. "Tails" from the season before last are as dated as short skirts would be for women.

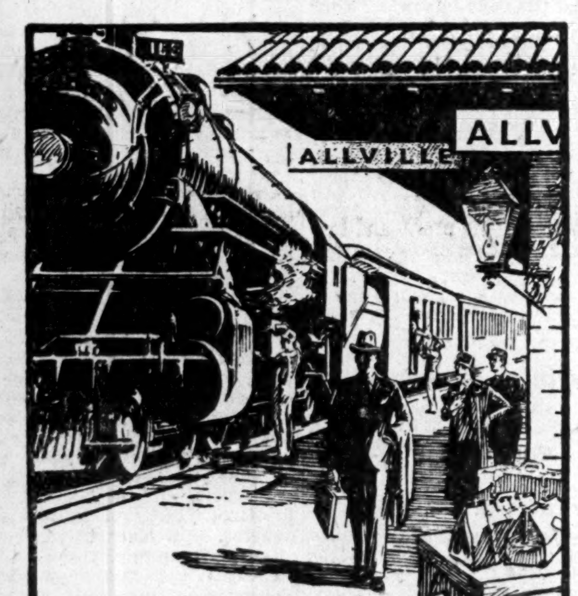
Even apart from their cut, materials too have changed. Mr. Nyberg of the Custom Tailoring Department advocates "Midnight Blue" for every man who wishes his evening clothes to appear to the best advantage.

Mr. Nyberg's knowledge of men's styles is the result of many years' study and experience in the art of designing clothes for men whose only standard is perfection.

The new season is already into its stride and before many weeks have passed you will find evening dress not only a help, but a necessity.

Custom Tailoring Department
Second Floor—James St.

THE T. EATON C° LIMITED



FOR MONEY BY MAIL

Bank Money Orders are the simplest way to send money safely by mail, because they involve no delay for either sender or recipient. They may be obtained at any branch of The Royal Bank of Canada, and are payable in dollars or in pounds.

THE ROYAL BANK OF CANADA

NICKEL RUNNING AT HIGH LEVELS PROFIT DOUBLES

(Continued from page 1)

158 in the first quarter, the company's net profit for the first nine months of 1933 was $5,636,019, which is equivalent to 28½ cents per share of common stock after allowing for preferred dividend. This total for nine months is greater than the net profit for the entire year of 1931, and compares with a loss of $292,353 for the first nine months of 1932.

Cash on hand, in banks and "on demand" loans totalled $12,313,906 on September 30, as compared with $8,060,293 at the end of the previous quarter. During the third quarter the final balance of $600,000 in ten-year serial 5 per cent purchase notes was liquidated. Debenture stocks of British subsidiaries in the quarter dropped from $7,901,111 to $7,757,468.

In an accompanying letter to shareholders, Robert C. Stanley, president, discusses the importance to the nickel industry of alloy steels containing relatively low percentages of nickel. Pointing out that these alloys met their first real test in armor plate and munitions during the Spanish-American War and became the backbone of naval and military equipment in the World War, he says that in the transition to peace they found their first great field in transportation and are now seeing newer fields open up through the universal demand for better performance.

CHASE & SANBORN'S COFFEE

Canada's favorite for half a century

A quality product of

STANDARD BRANDS LIMITED

HEAD OFFICE: MONTREAL

A Canadian corporation operating Canada's largest fresh food delivery system

MANUFACTURERS AND DISTRIBUTORS OF

Fleischmann's Bakery Products · Fleischmann's Yeast for Health · Magic Baking Powder · Gillett's Lye · Royal Yeast Cakes · Chase & Sanborn's Tea and Coffee

The Nation's Business

(Continued from page 1)

the Canadian Bankers' Association that the existing void in Canadian finance could be adequately filled by the regularization of the Finance Act's operations through the appointment of an advisory or administrative board. But the majority of the Macmillan Commissioners have rejected that idea and have conceived a central bank set-up that goes the limit in conforming to the general pattern of central banks elsewhere.

For example, they would give it the sole right of note issue, declaring this to be essential if the central bank is to have adequate control over the country's monetary supplies. This statement is inadequately supported by the evidence in the report itself, and its inclusion in the report is one of a series of similar victories of textbook theory over practical Canadian experience.

* * *

IT IS emphasized that what they are chiefly concerned with is the economic and social responsibility of the banking system as a whole rather than the particular responsibility of any individual bank. To provide this social control is the objective of the central bank they propose. They contend that it would in no way compete with the existing banks. And they are naive enough to propose a complete overhauling of the basis of banking practice in Canada, and to make suggestions that are tantamount, for better or for worse, to a New Deal in Canadian banking and yet to add that they contemplate no material disturbance to the existing banking system.

If and when the country implements their recommendations it will be plunging into a virtually uncharted sea, for the maps that have guided the financial mariners of other countries may prove of little use in Canada. Even if we were to copy in exact detail the provisions of central banking legislation in some other country there would be no assurance that the bank would be operated in the same manner. Everything will depend upon our ability to get as directors of the bank men of experience, ability and public spirit. And getting the right men won't be easy as Mr. Bennett, after his search for a Canadian National Railways board of trustees, can testify.

The hope that the bank will remain entirely non-political is rather sanguine. If the bank is to be the controller of credit, the governor of prices and the moderator of exchange rates, it will influence the social welfare of the state by every move it makes. Can any institution of such powers be divorced from political control? Of course not. But many people no doubt feel that political control is better than no control at all.

* * *

CANADA may be able to set up a bank that will give Canada the highest degree of financial independence possible, consistent with our intimate financial relations with the outside world. But one notes with some concern the rather cryptic comment of the three majority commissioners concerning "the Empire's central financial institutions designed not only to perform important services in the national economy but also eminently suited to be the instrument of Imperial monetary cooperation."

What does this mean? Is it a reflection of the insistent attempts of a certain group of the financial powers of London to ring the Empire about with a chain of central banks, virtually subsidiary to the Bank of England, and dominated by Threadneedle Street?

That is a question to be thoroughly explored in Parliament's further and more intimate studies.

Footnotes to Ottawa

An Occasional Department of Comment on the Background of Governmental Activities in the Nation's Capital

From Our Own Correspondent

More Money For Radio

THE radio commission is arousing a good deal of interest these days on Parliament Hill. It is understood the commission has persuaded the treasury board to increase its income this year. If the commission got what was left over from radio licenses after the marine department had made its deductions the total funds available this year would approximate $1,100,000. But the treasury board is understood to have limited the commission to $750,000 last spring. This was done, doubtless, because of the fact that the commission did not really get under way until early summer. Now, however, it appears the treasury board has agreed to let the commission have another $250,000, bringing the total expenditures for the year to about $1,000,000.

The commission spent $532,000 between April 1 and October 31 and is likely to require every dollar of its allowance before the fiscal year ends. It is intimated that three additional stations are to be added next year to the string operated by the commission. Of the three, two are likely to be in the West—one in Central Saskatchewan and the other in Northern Alberta.

* * *

Government Broadcast

IT IS understood that serious consideration is being given to a Government radio broadcast of half an hour three or four nights a week. This, it is understood, is what Premier Bennett had in mind when he told the Eastern Ontario Conservatives at Ottawa last week that the Government no longer proposed to let public criticism go unanswered.

The commission programmes for ensuing weeks fail to show this feature and it is just possible that the proposition has been abandoned, but there have been negotiations with private stations for the purpose of acquiring the desired broadcasting time and the general impression is that a Government broadcasting feature is due to begin almost any time.

* * *

Superannuate Postal Men

AFTER a prolonged enquiry the Government has reinstated the two officials of the post-office department who were suspended. The enquiry, it is understood, freed them from all charges of misconduct but it would not be surprising if the cabinet took the view that their usefulness to the state had been materially impaired and that superannuation of both was desirable.

* * *

Fight Life Companies

THE drive of the radical group against life insurance companies will be continued next session. William Irvine, C. C. F. member for Wetaskiwin, Alberta, has a resolution on the order paper calling for the nationalization of the life insurance business. In past years the radicals have been rather critical of the insurance companies and although they have done a great deal of talking on the subject their converts have been few in number. Parliament, as a whole, is well satisfied with the way in which life insurance is carried on in Canada and Mr. Irvine is not likely to get very far with his resolution.

In fact nationalization or Socialism is rapidly becoming a controversial issue within the C. C. F. The famous Regina platform which was dubbed by one economist as a platform of "minute Capitalism" has signally failed to cement the ranks of the radicals. Two years ago almost any member of the third party would submit, willingly, to the brand of Socialist. But Socialism, apparently, has its drawbacks as a rural vote getter and C. C. F.'s who value their seats are finding Socialism a shaky plank upon which to stand in rural constituencies. The third party, in fact, is rapidly dividing on this issue. The labor wing stands forthright for Socialism while the rural Progressives now deny allegiance to such a principle. The outcome is bound to be interesting and it would not occasion surprise at Ottawa if the third party split into two factions—one urban and the other rural.

* * *

Russian Relations

IN OFFICIAL circles there is scarcely any effort being made to disguise the disappointment felt at the failure of the Soviet-United States negotiations to meet with immediate success. The general feeling which, apparently, was based upon private information was that Roosevelt and Litvinoff would come to an agreement very quickly and that United States recognition of Russia would follow. This outcome, it was felt, would make for better international relations all round. Russia would stop playing the part of trouble maker and Japan's imperialism would receive a definite check. These expectations, however, have failed of realization and it has become apparent that progress will be slower than was hoped.

LOSS OF NOTE ISSUE WILL REDUCE EARNINGS

(Continued from page 1)

In fact stock of the Bank of Nova Scotia sold at the high for the year of $285 per share on November 13, due possibly to reported buying from New York. While the shares of the other banks are not selling at the high for the year they are well above the lows of last April and any decline in price during the year can be attributed in large degree to reduced dividends and the decided probability that earnings for 1933 will be under those of 1932.

Price Range of Bank Stocks in 1933

	1933 High	1933 Low	Nov. 14 Close
Commerce	176	119	137
Dominion	175	124	141
Imperial	185	123	140
Montreal	221	150	189½
National	155	127	*145
Nova Scotia	285	228	282
Royal	183	123	136½
Toronto	215	151	187

*Last sale, November 10.

Loss of Note Issue is Serious

The loss of their note issue by the chartered banks will be one of the most serious drains on their earnings. This right of note issue has been held by the banks since the first Federal Bank Act was put in effect in 1871. Under the present Bank Act banks are permitted to issue notes of $5 and multiples thereof up to the amount of their unimpaired paid-up capital against the general security of their total assets. The banks estimate that they profit on this right to the extent of less than 1.5 per cent of average circulation after paying 1 per cent special tax to the Federal Government. On this basis the ten Canadian banks would have lost some $1,900,000 in the 12 months ended June 30, 1933. The Bank of Montreal, the Royal Bank, the Canadian Bank of Commerce and the Bank of Nova Scotia would have sustained the major part of this loss.

But this loss of profit is less than would be the direct loss to the banks if they are forced to replace bank notes held in reserve in their numerous branches with legal tender. Till money as the branch reserves of bank notes are called, costs the banks nothing until the notes are placed in circulation. The use of till money may make profitable the operation of small branches whose earnings are not sufficient to cover the cost of carrying legal tender. These marginal branches may have to be closed if the banks cannot issue their own notes, according to bankers. During 1932, 42.3 per cent of the bank branches in Canada operated at a loss, apart altogether from losses incurred through bad debts. Most of these branches were in small municipalities, chiefly in Western Canada.

"Typical" Bank Loses $1,162,933

The estimated value of note circulation privilege of a typical bank as submitted to the Royal Commission by Canadian Bankers' Association amounts to $1,162,933 where the average amount of notes in circulation is $30,350,000. This is approximately the average circulation of the Royal Bank in 1932 when that bank reported net profit available for dividends at $4,861,849 and paid dividends amounting to $3,850,000. The Royal Bank can hardly be considered a "typical" bank since it has the largest number of branches of any bank in Canada and therefore uses the most till money. It follows only the Bank of Montreal in the amount of notes in circulation.

The value of note circulation privilege to the "typical" bank is made up of $487,933 net profit on notes in circulation and $675,000 which it would cost to replace bank notes presently held at branches with at least $15,000,000 of legal tender.

Effect Will Not be Immediate

Even if loss of the right of note issue by the chartered banks is inevitable and is as serious as the bankers indicate it does not appear that this right would be withdrawn all at once. The Macmillan report suggests that the note issue of the commercial banks be redeemed over a period of years and while no period is specified the minimum would probably be five years. By that time there will presumably be an increased demand for commercial loans sufficient to more than offset the loss in note issue. It has also been suggested that the central bank through its operations might be able to compensate the banks for their loss of note issue but bankers are frankly sceptical regarding such a possibility.

No estimate has been made as to the effect on the banks of loss of the banking business of the Federal Government and of the provinces. It is proposed that the central bank should be the banker to Governments because by concentrating the receipts and payments on Government accounts the central bank can take steps to prevent any undue effect on the credit situation which might otherwise result from an uneven flow of revenues. Further as the financial adviser of the Government, it should logically be its banker. Finally, the Government should conduct its temporary borrowings through only one channel. The dealings of the chartered banks with the Federal and Provincial Governments have undoubtedly been profitable to the banks and with the central bank operating in this field bank profits will be further reduced. The Bank of Montreal as principal banker for the Federal Government would probably be affected most.

The effect of eliminating the statutory maximum rate of interest that the banks can charge on loans will not be to increase earnings of the banks to any extent. Prior to May 1, 1933, the banks charged more than the statutory 7 per cent in many cases so that this provision of the Bank Act was not effective. Competition between banks will tend to keep the rate of interest on loans within reasonable limits considering the type of risk involved.

The Macmillan report does suggest that the banks improve their relations with their clients and eliminate irritating practices. It is suggested, for instance, that all cheques be cashed at par. This would mean a loss to the banks that would be larger than the loss of profit resulting from losing the right of note issue. No legislation is suggested to enforce par payment of cheques and if this does come into effect it would be by mutual consent of the banks which would undoubtedly seek compensation by extending service charges, reducing the chequing activity in savings accounts.

Another recommendation contained in the report is that bank directorates should be more representative of all sections of the country. Only two out of a total of 170 bank directors reside in Alberta and Saskatchewan and this situation may be corrected at the annual meetings of the banks which will be held within the next two months. The report shows the distribution of bank shares at December 31, 1932, at which time 72.94 per cent of shares were held in Canada, 14.60 per cent in the United States, 9.58 per cent in Great Britain and 2.88 per cent elsewhere.

Distribution of shares was as follows:

Distribution of Bank Shares, Dec. 31, 1932

	% of Total	Aver. Holding	No. shs. per 1,000 Pop.
N. S.	10.44	22.2	294.0
N. B.	1.41	18.4	49.7
P. E. I.	0.49	14.0	80.9
Que.	29.57	38.9	147.1
Ont.	27.09	29.0	113.1
Man.	1.52	21.8	31.0
Sask.	0.37	8.6	5.5
Alta.	0.62	15.6	12.2
B. C.	1.43	19.3	29.3
Gr. Britain	9.58	27.2	....
U. S.	14.60	37.0	....
Misc.	2.88	30.2	....
	100.0	29.0	

The Royal Commission allows the figures on bank profits to speak for themselves. In the 10 years, 1923-1932 the average annual dividends paid amounted to 5.93 per cent. Average investment of shareholders was $268,158,153 of which $123,605,663 was paid-up capital, $137,370,735 was average reserve fund and $7,181,755 was average undivided profits. Reserve funds are made up from premiums on capital stock issues to the extent of 42 per cent, from accumulated profits to the extent of 34 per cent and from purchase of assets of other banks to the extent of 24 per cent.

The report states that in coming to any conclusion as to whether or not returns to Canadian bank shareholders have been reasonable, having regard to the earnings which might be secured upon capital invested in other enterprises or in high grade securities, note must be taken of the double liability which attaches to shareholder's participation and also to the desirability that there should, from time to time, be a ready flow of money available for bank capital.

NO CLEAR SAILING FOR CENTRAL BANK PLAN

(Continued from page 1)

will evoke greater public interest in the problems of the day and thus enable Parliament to function more efficiently. When Parliament meets a second complete enquiry into banking problems is certain. It will be carried out by a special committee of the Commons and the reference to the committee will either be in the form of the report of the Royal Commission or a dummy bill. After the committee has reported, the government will come to grips with the problem and a revised Bank Act will be introduced.

It is true, therefore, that the present report does little more than supply the public with a subject for controversy. And from this standpoint it promises to be eminently successful.

Objections Voiced

The proposal to create a central bank is being denounced by many bankers on the ground that it is unnecessary and may well rock the financial boat at a time when every effort should be made to keep it on an even keel. Many Conservatives are also critical of the proposal. They hold the view that our present banking system is working smoothly and efficiently, that no real weaknesses have been disclosed and that at best the central bank would only add unnecessary wheels to our financial machinery.

The view persists that the banks stand to lose by reason of the central bank. Not only does the report envisage the withdrawal of the right, long held by the banks, to issue their own notes (which will cost the banks about $500,000 per year) but the Government's business will automatically pass to the new institution. The Government's accounts are no doubt the most valuable in the country and their loss will not be welcomed by the banks.

Argue Over Control

On the other hand, many advocates of a central bank disagree with the type of institution recommended. The commission declares for a privately owned bank. Its stock is to be purchased by the public. Most advocates of the central bank desire it to be state owned, and they see in the provisions for private ownership a danger that financial interests may acquire control.

As for the intermediate credit scheme, the notable fact is that rural members of Parliament seem of the opinion that it will be of no use to farmers. These representatives desire a reduction in debt not the creation of means to enlarge the already great debt burden. There are, in fact, few friends of this proposal. Persons close to the ministry are inclined to think that the Government will accept the recommendation and amend the Farm Loans Act accordingly. Their reason is that the Government believes an intermediate credit scheme would be popular in the country.

50,000 TONS NEWSPRINT TO HOLD PRICE

(Continued from page 1)

subscribe to the maintenance of any standard schedule of prices as long as they have not got what they consider is a fair share of the business offering.

Reports are to the effect that International will contribute 30,000 tons to the general jack-pot of 50,000 tons for distressed Canadian operators. The balance has been underwritten by International, but is hoped to have other companies with better than an average volume of business contribute tonnage to the pool.

Tonnage For Support

In this way it is proposed to satisfy those manufacturers who feel that they would have to secure additional business in order to keep their heads above water even at the risk of further price cutting and the break-up of present negotiations designed to bring about a general understanding among all the producers servicing the American market.

The meetings in New York this week, therefore, were for a double purpose. First to agree on terms and details in respect to the proposed Canadian organization. This done the way would be paved to co-operate with the American and Scandinavian producers and work in harmony under the terms on the N. R. A. newsprint code.

Continue Minimum Price

If the manufacturers come to a mutually satisfactory arrangement the code could then be put in force. Under this agreement it is proposed to continue the minimum price of $40 a ton delivered in the New York and Chicago zones with differential adjustments in other areas.

This would eliminate possible disturbances of marketing arrangements in the months immediately ahead, more especially in the next few weeks when many contracts are up for renewal. With all the manufacturers agreeing on minimum prices, the signing of new contracts with the publishers would not be attended by the disturbances which have been characteristic of newsprint marketing in the last three years.

From the manufacturers' point of view it is highly desirable that the industry should settle its own internal problems in order that the opportunity may be used to strengthen their weakened position. And while the producers are not openly discussing the matter, there is the clause in the newsprint code which calls for an adjustment of newsprint prices at the end of each quarter in 1933.

A considerable amount of groundwork has been done by the manufacturers in clearing the boards in order that the N. R. A. code may be put into effect. The threatened price war, brought to a head by Powell River Co., has been staved off. This company has withdrawn its offers to sell newsprint below the old official standard of $40 New York delivery.

Powell River Co.'s competitor on the Pacific Coast, Crown Williamette Co. has circularized its customers to the effect that on 1934 deliveries on the Pacific Coast in no case shall the delivered prices be less than $40 a ton, regardless of the freight rate.

As in the case of other producers Crown Williamette tells its customers that no arbitrary increases in prices are contemplated but "the adjustment in prices, if any, will not be greater than is warranted by differences in conditions, including manufacturing cost, inflation or revaluation of the dollar, as well as factors and conditions affecting the publishing industry."

Modern,

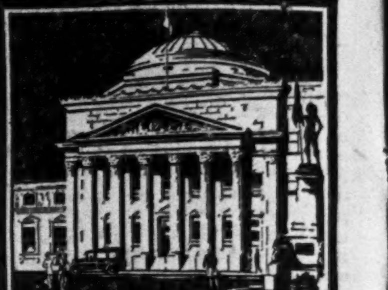
EFFICIENT BANKING SERVICE
. . . . the outcome of 116 years of successful banking operation.

Head Office: Montreal

TOTAL ASSETS IN EXCESS OF $700,000,000

BANK OF MONTREAL

Established 1817



Simpsons Presents a Sale of

Custom-tailored Suits

The $60 to $75 Grades $50

Simpson's custom tailoring department, where many of Toronto's well-dressed men order their clothes, has not had a sale of CUSTOM-TAILORED suits in many months. The event that is now in progress has, therefore, unusual interest. A shipment of fine woollens from a Huddersfield mill, due here September 1st and which was to have been used in our $60 suits, has just arrived, owing to the heavy volume of business in the British mills. That makes enough for 100 suits. To enlarge the selection, we have chosen 150 fine suit lengths from our regular $65, $70 and $75 suitings, which include English worsteds and Saxonies and Scotch tweeds. There are blues, greys, browns, blue greys and greens in glen checks, club checks and stripes of every description. Even blue and grey serges and vicunas are available.

The CUSTOM tailoring, the trimmings and all the details of style are, as usual, the highest grade obtainable. For the remainder of this week only are these Simpson CUSTOM-TAILORED suits sale-priced at $50.

Note:—Custom-tailored suits may be purchased through the Home Lovers Club. First payment one-fourth, the balance in three equal monthly amounts with no extra charge.

Simpsons—Second Floor.

THE ROBERT SIMPSON COMPANY LIMITED

Quebec Attitude Changes As to Public Ownership

From Our Own Correspondent

MONTREAL. — Private ownership was given a body blow by Premier Taschereau, whose political domain has been the principal stronghold of those in opposition to public ownership. For years Quebec has held out against the encroachments of public ownership advocates, but during the course of a speech in the Wolfe by-election, Premier Taschereau intimated that enabling legislation would be passed at the next session to bring about power municipalization.

The Quebec Premier is quoted as having said that legislation would be passed giving the municipalities authority to municipalize electricity for domestic and mercantile purposes. This will be possible, after a by-law has been approved by the property owners, by the creation of an independent commission to be charged with the operation of the civic system. The commission will have full authority to issue bonds and to fix electric rates, but these must be high enough to cover operation costs and amortization charges.

This pronounced change in the attitude of Premier Taschereau is taken to reflect the growing demand for municipalization of power services within the province. Several municipalities, notably Quebec City, have been and are disputing the rates charged by the private companies. At the last session of the legislature Quebec City endeavored to secure authority to go ahead with the municipalization of its electric service but the proposal was turned down. Since that time other civic bodies have been agitating for the right to set up their own services. This change in the private-ownership stronghold is most significant and in Premier Taschereau's announcement proponents of public ownership see an about-face in the official attitude toward public services.

Normetal (formerly the old Abana property) — The shaft has been dewatered and further sinking is under way for the opening up of two new levels at 675 and 800 ft. When work was suspended at Abana, ore reserves were estimated at 399,500 tons copper ore and 526,700 tons zinc ore, averaging 5 per cent copper and 18 per cent zinc respectively. There is also a substantial gold and silver content.

Chibougamau—An extension of the main vein is rumored to have been located 1,700 ft. west of the original find, with a width of 3 ft. showing free gold.

We have pleasure in announcing that

MR. A. H. SMITH

has become associated with this firm in an executive capacity and as manager of our Bond Department.

AIRD, MACLEOD & COMPANY

MEMBERS TORONTO STOCK EXCHANGE

ROYAL BANK BUILDING

TORONTO

H. R. AIRD G. T. MEECH
D. D. MACLEOD N. R. HEYES

Blue Eagle at Crisis N.R.A. End is Forecast

Labour Bitterly Opposes Plan for Self-Control By Industry—Manufacturers Fight

By DR. GAINES T. CARTINHOUR, New York University

NEW YORK.—Many Canadian observers will be interested in the crisis confronting the N.R.A. The big news of the week does not concern President Roosevelt's money policy, but preparations for putting the "Blue Eagle" to bed. It is no secret that these are extremely critical days for the N.R.A. The movement has always had opponents but to date they have not been articulate. Now they come out fiercely and frankly in their opposition. Generally speaking, farmers don't like it, big business as well as labor are frightened by it, and representatives of consumers attack it. In the opinion of the writer, it will only be a matter of time before the N.R.A. as we know it today is more or less disbanded or disestablished.

Industry Rebels

The first organized hostile move was made by the National Association of Manufacturers who are planning to set up a Washington propaganda bureau to combat alleged Government encroachments on business and industries. It is also to provide a sounding board for the criticisms of the N.R.A. now coming from different parts of the country. This move will tend to set the manufacturers' association apart from General Electric's Gerard Swope and other industrialists who regard continuation of Government supervision of industry in some form as inevitable. Robert L. Lund, president of the association, is said to be the author of the proposal for the bureau which includes engagement of a reporter from one of the big news services as publicity director.

The startling shift in attitude toward the N.R.A. recently has been due in large part to the storm clouds which suddenly broke over the farming areas of the Middle West, Northwest, and also over much of the South. Outbreak of the farm strike and the reasons given for it by the farm leaders constituted one of the first great and open protests against the N.R.A. and the administration recovery agencies in general. This aspect of the recovery problem and the difficulties confronting the administrators of the Agricultural Adjustment Act will be discussed in my next dispatch to The Financial Post.

An examination of the objections indicate they represent forces which are fully as hostile to one another as to depression itself. Labor, for instance, objects that hours are not yet short enough or wages high enough, that true collective bargaining is not in many cases being enforced, while the cost of living is rising too fast. Farmers and other consumers agree with labor that retail prices of manufactured articles are going up faster than their incomes.

N.R.A, created to bring labor and capital into friendly co-operation, begins to have the effect of sharpening the cleavage between the two camps. Capital, through the voices of influential bankers, business men, and political personages, has for some time been criticizing the N.R.A. as an instrument of labor. Now the tables are turned and labor is rushing to the attack, calling the Swope plan for transforming the N.R.A. into a permanent, self-governing high command of industry an effort to create a Fascist set-up detrimental to the interests of the working class. The wave of industrial unrest and strife now sweeping the country could get out of hand if labor leaders should seek to take maximum advantage of the strategic position given them, regardless of the ability of individual industries to bear rapid increases in costs.

Still further tending to embarrass the N.R.A. has been the recent announcement of the Swope plan. It has been attacked as a movement to put industry into the saddle in the conduct of codes and to leave labor and the public inadequately protected. Labor spokesmen will under no consideration approve it unless they have definite representation within the scheme. Further, most national, state, regional, and strictly industrial trade associations are packed with job holders, who would fight to the last ditch any plan for a master merger that would deprive them of power. In addition, it is clear that the plan would only cover manufacturing. It would be much more difficult to set up any similar scheme in agriculture, for there nature is apt to step in and upset the best laid plans. And unless some measures are found to ensure the sale of farm produce, there would be no purchasing power among the agriculturists, in which event it is hard to see what the best of planning in manufacturing could accomplish.

Disturbs Competition

Objection is also expressed to putting large and small enterprises in various industries under a single mechanism for self-regulation and control. It is generally recognized that the N.R.A. has already interfered with the competitive position of smaller and newer enterprises in many lines. The general attitude in Wall Street toward the plan is that it would leave industry more or less free to work out its problems, but the Government still would have the power to step in immediately if any situation got beyond control. The provisions of the plan would also remove the danger that a person not thoroughly familiar with an industry might assume its direction, possibly to the detriment of both industry and the public.

Mistake to Fix Prices

The N.R.A. also made a serious mistake in entering the field of price-fixing. It is impossible for any kind of organization to control the prices of thousands of commodities. Through minimum prices and required mark-ups the N.R.A., in effect, attempted it. There has been a serious increase in consumer resistance to price advances due to increased costs under N.R.A. provisions. As is well known, industrial activity has been contracting and wholesale prices weakening. Many companies will have to cut costs since present income does not justify paying the higher prices for materials and labor called for under N.R.A. The only other alternative to stimulate sales is price-cutting. There is wide-spread doubt in industry if many of the code provisions are strong enough to prevent such price-cutting, while the question of enforcement remains to be faced. This problem cannot be solved by local compliance boards that would have to rely primarily upon public opinion. If minimum prices disappear, industry is left with the burden of heavy costs without any facilities for passing them on to the consumer. In this event, any remaining support from industry would certainly be lost by N.R.A.

Exemption of stores doing business in communities of less than 2,500 population, where not part of a larger trade area, has been necessary in view of special local conditions and is only one of the radical backward steps that N.R.A. will have to take.

Too Many Codes

N.R.A. should not have tried to directly supervise all business. Tasks have been undertaken that could only result in failure. Outstanding in this respect was its effort to get every business organization in the country under a code. As a matter of fact, Congress never contemplated that all industries or any one industry should be required to go under a code or be put under one. The law as written is mainly permissive, not compulsory. It is easy enough to understand N.R.A. troubles. No Government can coerce business and take upon itself to represent the conflicting economic interests of farmers, laborers, and capitalists without getting into an impossible position. This should have been clear from the beginning.

Further emphasizing the difficulties of the N.R.A. are the retirements of Walter C. Teagle and four other prominent industrialists as members of the National Industrial Advisory Board, which have given rise to reports of internal dissension and by no means added to the placidity of things in the headquarters of the Blue Eagle. There is unquestionable discontent with the N.R.A. as administered.

Is it Constitutional?

In many parts of the country there is a growing disposition to challenge the constitutionality of the N.R.A. Will the Supreme Court, which for more than a generation has enshrined the business man's laissez faire philosophy in the constitution, accept the N. R. A.? The emergency caused by the depression may be used as a basis for over-ruling the decisions which might otherwise serve as a basis for over-throwing the Act. At least codes for purely local business will be held unenforcible. Attempting the evaluation of the act from a purely legal viewpoint, however, would be a blind refusal to face realities.

The attitude of the N.R.A. toward the permanent code for American newspapers is one of the mysteries of 1933. Without going into detail on this point, suffice it to say that if the Government want to do anything else to make the N.R.A. impossible, all it has to do is to spread control to the editorial rooms.

It has been alleged by prominent authority that the United States Steel Corporation and the Bethlehem Steel Corporation are attempting through a code approved by the Government to "freeze their long-continued monopolistic and anti-union policies." In nearly all parts of the country, newspapers are coming to see and criticize more or less harshly the faults and failures of the N.R.A.

What Will New Deal Cost?

A preliminary attempt has been made by the National Industrial Conference Board to answer the burning question of what the New Deal is going to cost the American people. It is estimated the total cost has reached the not inconsiderable total of $15,135,000,000. Excluding R. F. C. loans, the cost is put at $11,735,000,000. According to its estimates the grand total of liabilities starts with the Federal Emergency Administration of public works as the largest item with an estimated cost of $3,150,000,000, Federal Deposit Insurance Corporation, Farm Credit Administration government guaranteed bonds and Home Loan Owners' government guaranteed bonds come next with $2,000,000,000 each, and processing taxes for two years under the Agricultural Adjustment Administration calls for $1,000,000,000 more. Other items mentioned by the board include the Tennessee Valley Authority, Federal emergency relief, emergency conservation works, and special Treasury appropriations, while the total lending ability of the R.C.F. minus items which have been included in foregoing figures is set up at $3,400,000,000.

If the country is pulled out of the depression there will be few to question the usage of the funds, because after all, it may be reasoned, the World War cost the U. S. at least $35,000,000,000, exclusive of the loss of man-power. Nevertheless, the above figures fail to include probably the most magnitudinous expense item, namely, the cost of President Roosevelt's steps toward inflation, such as the gold buying programme, regulating and controlling foreign exchange, etc.

Fantastic Funnelling

That a change will take place in N.R.A. and a large change is now taken for granted because of the impracticability of it as it now is. It is fantastic to have all the questions about business all over the country funnelled into Washington for decision by a small number of overworked officials. Unless the necessary changes are made, N.R.A. will go down in history as a factor creating a new disequilibria, thereby delaying the recovery of 1933.

While it and the administrative recovery agencies are on the defensive, there is as yet no weakening on the part of President Roosevelt, no tendency to do anything other than go ahead. However, it is significant that within the past two weeks there has been a cessation of certain minor activities of the N.R.A. The Wall Street view of the machine at the present time is that it is a "flop."

If the necessary modifications are made so that a comparative basis of industrial costs can be arrived at, Canada and the United States can again open negotiations looking toward a reciprocal trade agreement. At present it is ridiculous for U. S. producers to expect Canadian producers to adopt their scale of increased production costs in all industries exporting to the U. S. Canada is indeed fortunate that she did not rush headlong into a radical experiment along the lines of the National Recovery Act.

The Western Savings & Loan Association
Winnipeg, Manitoba

Agencies:
Butler Byers Bros. Limited, Saskatoon, Sask.
McCallum, Hill & Co., Regina, Sask.
Equitable Agencies Ltd., Calgary, Alta.

THERE'S STILL FUN TO BE HAD IN THIS WORLD

OUR guests tell us that here they always feel they're getting the most out of life. (Maybe that's why they come back so often.) Join them. Right at the ocean's door, you'll find hundreds of amusing things to do.

How about an early morning canter on the beach? A round of golf?

Inspired food. At night, sound seaside sleep. In the background the thoughtful hospitality of Chalfonte-Haddon Hall.

LOW FALL AND WINTER DAILY RATES NOW IN EFFECT
Per person (2 in a room, with bath)
In CHALFONTE . . . $5.50 to $8.50
In HADDON HALL . . $6.50 to $10
Meals included. Also European Plan.
Canadian exchange accepted at par for room and meals.

CHALFONTE-HADDON HALL
ATLANTIC CITY
Leeds and Lippincott Company

Instal Air Conditioning On Insulation Savings

Necessary Insulation Reduces Size of Heating Plant and Operation Costs — Investors Show Interest in Future of Industry

By A. W. LYNN

Development of air conditioning equipment which compares favorably in installation cost with the modern types of heating, introduces a significant factor into the field of present day building construction. Builders of apartment houses, hotels, recreation buildings, office structures and other large enclosures now in the planning stage, are finding that the inclusion of air conditioning is necessary for the protection of the owners or investors in these properties. Early obsolescence threatens large buildings if no provision is made to condition the air.

Apartment house dwellers will be just as fastidious regarding this feature as they are now about mechanical refrigeration in the kitchen and the availability of electricity for cooking, experts aver. Those hotels throughout the country which offer the advantages of more comfortable surroundings will receive the greatest patronage, it is felt. Investors, who contemplate placing money in new building enterprises, are being warned to enquire as to how air conditioning can make the property more attractive to tenants.

Small Installation Costs

With the average type of new construction air conditioning may be incorporated for about 10 or 15 per cent of the total cost of the building and with more scientific modern construction it can be provided for less, in the opinion of James Govan, of Govan & Ferguson, architects, Toronto. Buildings where conditioned air is a feature usually command approximately 10 to 20 per cent better rentals.

Air conditioning is also being incorporated in many older type buildings in conjunction with present heating systems. The numerous combinations to meet different needs offer owners of buildings an opportunity to bring their properties up to a modern standard. New construction, of course, offers greater scope for complete air conditioning at a lower cost.

Warm Air Best

In this country, so far as residences are concerned, the best known combination at present is a winter air conditioning system consisting of a direct fired warm air furnace of the new design with an oil or gas burner or coal blower, an evaporative or atomizing spray type humidifier, a circulating fan and a filter. A modification of this system employs a steam or hot water boiler connected to indirectly heat the transfer surface in the air conditioning unit. Other installations will include a combination of the indirect heater and ordinary radiation.

There is of course other air conditioning equipment for homes which operate in connection with or as an auxiliary to the present heating system. Another method of delivering conditioned air the year around to the rooms of a home already equipped with a steam or hot water system is by the use of floor type air conditioners. In this case, they take the place of radiators. These were mentioned in a previous article. They are very efficient and provide both winter and summer air conditioning. This type of conditioner is quite applicable to large buildings, such as apartment houses and generally offers no mechanical difficulties in its installation.

Selective Conditioning

In residences where, for example, two rooms only are equipped with floor conditioners, the summer cooling of the two rooms can be done alternately. This is accomplished by connecting one refrigerating machine to two cooling units with selective controls. When the cooling unit in the livingroom is functioning the one in the bedroom is idle. Then shortly before time to retire, the unit in the livingroom is turned off and the one in the bedroom turned on. This permits a refrigerating machine of smaller capacity to be employed than if both units were operated simultaneously. In this way costs of both equipment and operation are reduced to the minimum.

In residences, the refrigerating machine, where its use is practical, is usually installed in the basement. Where such air conditioning units are used with hot water systems it is usual to employ a circulator or pump for best results. There are also other air conditioning units which may be built into furniture. Others may be placed behind grilles or hung from the ceilings of rooms and which do the same work as the floor type units.

Big Potential Market

The question has been asked if air conditioning will be the next big industry. The science of air conditioning is not new; but its recent development earmarks it for greater things in the future.

The market for air conditioning equipment, so far as homes enter, will likely parallel the many other types of modern equipment for the home, such as electric appliances. There are approximately 1,500,000 wired homes in Canada; here is a potential market for air conditioning equipment that in itself should eventually represent an annual demand of big proportions.

The great majority of Canadian homes are readily adaptable to air conditioning and the first cost should not be excessive. Added to this is the market represented by the hundreds of large theatres, department stores, banks, office buildings, chain stores, large restaurants, hotels, high-class specialty stores, hospitals and other buildings.

Many Companies Benefit

The growing market for air conditioning equipment will be felt by a large number of industries in this country, in many of which the investing public are interested. First, there are the heating equipment manufacturers, several of which are already in production on air conditioners. Sheet metal producers are experiencing a pickup in the demand for their products, while several producers of fans and electric motors have seen fit to go into the production of air conditioning apparatus. They are convinced that the market for this equipment will be an important outlet for their chief lines.

Manufacturers of temperature and humidity recording equipment are also finding a growing demand from this direction, as the automatic feature is an important one in air conditioning. Makers of mechanical refrigeration equipment are particularly active in the new field. Those firms specializing in oil burner parts will undoubtedly also feel the stimulus as the market for this equipment is considerably widened with the increasing demand for air conditioning. Makers of other products such as bearings, pumps, etc., will also benefit.

Insulation Important

Another factor which will be of greater importance than ever, is the proper insulation of buildings, in order to gain the maximum value from the investment in air conditioning equipment. Producers of insulation materials should also benefit from the new demand for air conditioned homes and other structures.

The full advantage of insulation will be specially noticeable when enough heat resistance is built into a structure to permit such a reduction in the amount of heating plant that the capital savings thus effected will practically cover the cost of the additional equipment needed to provide complete air conditioning. Such reductions have already been made in heating plant size and cost on jobs where some of the savings have been applied to improving the indoor air conditions. Greater developments along these lines may be expected in the immediate future.

One significant feature which stands out prominently is the continued interest which people are showing in better housing. Right through the difficult times there has always been a certain market for homes of modern construction, layout and equipment. That fact would seem to indicate that even greater enthusiasm than at present will be shown for air conditioning in homes. The public is still hot on the trail of practical ways of reducing the drudgery attending the heating of homes.

Recently in a suburb of Philadelphia a model air conditioned home was opened for inspection in a new subdivision. During a period of a few weeks forty-six thousand people were interested enough to drive several miles to "feel" what it was like.

War on Waste

The Province of Alberta owns and operates a telephone system. In the year ended March 31, 1932, the last for which figures are available, operations resulted in a deficit of $615,281. The accumulated deficit was $654,952, which must ultimately come out of the pockets of the taxpayers of the province.

But that is not the worst. James C. Thompson, provincial auditor, makes it plain, in his comment on the finances of the telephone system, that the accounts have not made sufficient provision for various cost items. If and when these are provided for, there will be that much more added to tax burdens.

Mr. Thompson comments that the $1,293,348 reserve for depreciation is inadequate and should be increased annually. The total sinking fund ($1,503,552) he says, was offset by intangible assets. So there is really no sinking fund. Inventory of central office equipment of $2,308,500 includes capital items priced at cost. This may have to be written down. A proportion of the current supplies inventory includes goods for which insufficient provision for obsolescence and depreciation has been made. The pension fund is not arranged on an actuarial basis and additional provision will probably have to be made. Reserve for bad accounts was inadequate, Mr. Thompson thinks. And no provision had been made for cost of premium on New York funds to meet debentures maturing April 1, 1932.

The auditor's comment indicates that the deficit will be greatly increased if and when proper provision is made for the ordinary write-offs which commercial organizations would make. The province's venture into the telephone business has been more wasteful and costly than has been generally understood.

Cold Storage Stocks Higher Than Average

Creamery butter in store on November 1 totalled 37,183,422 pounds, which was about 4,700,000 more than a year ago and about 5,700,000 more than the five-year average. Cheese at 27,413,841 pounds was nearly 7,000,000 pounds higher than a year ago and 5,753,000 higher than the average. Cold storage eggs at 8,916,612 dozen were higher and fresh eggs at 312,963 dozen were lower.

Pork at 19,706,071 pounds was 3,446,000 pounds less than at this time last year and about one million less than the five-year average. But beef at 14,314,182 pounds was almost 6,000,000 pounds higher than a year ago and almost 3,000,000 more than the average. Poultry at 2,776,954 pounds was about 720,000 more than last year and just about the average. Chicken and fowl were much increased but turkey, geese and others were lower.

Sewing Machines in Lead

Canadian sewing machines have ousted Canadian wheat flour as the chief Canadian export to Brazil, according to latest reports.

SAFETY OF CAPITAL—CERTAINTY OF INCOME

It Is Our Firm Policy

It is our firm policy to strive to render to all clients a very high standard of business and financial service and at the same time to render an equally good personal service to beneficiaries.

Crown Trust Company
393 ST. JAMES STREET • MONTREAL
LET US SERVE YOU AND YOUR FAMILY

FROM NEW YORK, BOSTON OR HALIFAX

TO EUROPE

Most attractive for a Winter crossing are these Cunarders, on account of their steadiness in all weathers—extremely comfortable accommodation in each class—appetizing meals—and Cunard Personal Service for every passenger.

Whether on the luxurious speedy express Liners, or on the comfortable and more leisurely cabin-class ships, the same perfect Cunard standards prevail.

Minimum Round Trip Rates
First Class $266.
Cabin Class 206.
Tourist Class 168.
Third Class 131.50

SAIL CUNARD

217 Bay Street, Toronto or local agent

3-C3

MACKINNON STEEL REPORT REGISTERS LOSS OF $25,073

Strong Liquid Position is Maintained in Year Ended July 31

From Our Own Correspondent

MONTREAL.—An operating loss of $25,073, discontinuance of dividends on the preferred shares, a drop in working capital and reduction in the number of preferred shares outstanding are features of the financial statement of the MacKinnon Steel Co. for the year ended July 31, 1933.

Conditions in the building industry over the past year were far from satisfactory and the volume of business available to MacKinnon Steel was the lowest in some years. In the year ended July 31, 1932, the company was able to show an operating profit of $29,959, but this was converted into a deficit of about the same amount in 1933.

Set Up Deficit

Particulars of the profit and loss account for the past two years follow:

	1932-33 $	1931-32 $
Oper. prof.	*25,073	29,959
Deprec.	†	14,000
Balance	‡25,073	15,959
Prev. bal.	42,054	53,143
Transfer	......	10,000
Balance	16,980	79,103
Pfd. divids.	13,125	36,730
Tax adjust.	......	299
Balance c. f.	3,855	42,054

*Operating loss. †Depreciation provided for by transfer of $12,000 from surplus arising from redemption of preferred stock at a discount. ‡Deficit.

Working capital position compares as follows:

	1933 $	1932 $
Curr. assets	198,129	258,450
Curr. liabs.	90,346	78,346
Work. capital	107,783	180,104

Hold Liquid Position

Liquid position of MacKinnon Steel at the end of last year was well maintained. Assets are shown on the books at $660,895 as against $721,930 at the close of the preceding year. Inventories and accounts receivable are of small proportions. Cash on hand and Province of Quebec bonds total about $165,000 compared with $205,731 on July 31, 1932. Deferred and preferred expenses are small, while property account is shown on the books at $453,811.

Among liabilities accounts payable are shown at the small figure of $2,456. Depreciation reserve has been increased from $74,000 to $86,000, while $4,346 reserve has been set up for preferred stock redemption.

The amount of outstanding preferred stock has been reduced to $475,000. This compares with $510,000 at the close of the previous year and with the original issue of $600,000.

Failures Continue Downward Trend

A considerable decrease in the number of assignments under the Bankruptcy and Winding Up Acts, as reported to the Dominion Bureau of Statistics, was recorded in September, as compared with September, 1932, while the liabilities of the assignors also showed a decrease. Commercial failures numbered 155, as compared with 193. The estimated liabilities of the assignors amounted to $2,344,568 as compared with $2,979,544.

In the Maritime Provinces there were 7 assignments compared with 9. Liabilities totalled $26,000. In Quebec there were 80 compared with 90; liabilities $1,360,000, of which 37 at $548,000 were in Montreal. In Ontario there were 45 as against 72; liabilities $710,000, of which 8 at $240,000 were in Toronto. In the Prairie Provinces there were 16 compared with 21; liabilities $170,000, of which 2 at $12,000 were in Winnipeg. In British Columbia there were 7 compared with 9; liabilities $79,000, of which 1 at $5,000 was in Vancouver.

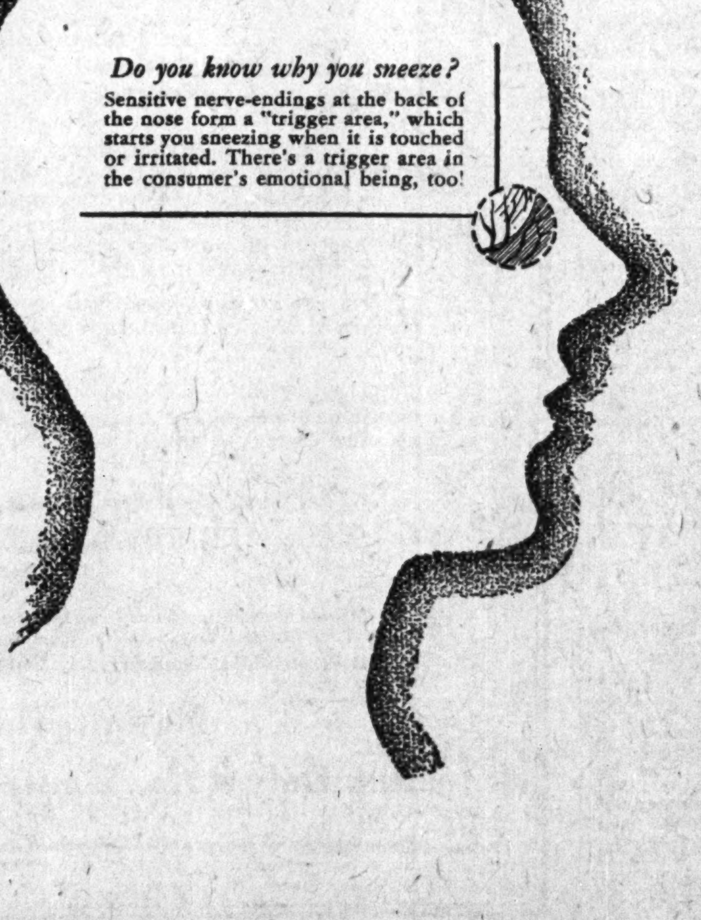
Trading establishments furnished the largest number of failures, 87 assigning in September compared with 99 a year ago; manufacturing 20 compared with 38; agriculture 12 compared with 11; services 18 compared with 24. There were 6 failures in construction, 1 in transportation and public utilities and 2 in finance.

The number of failures in the first 9 months of 1933 was 1,585 compared with 1,792 in 1932.

Sugar Beet Output

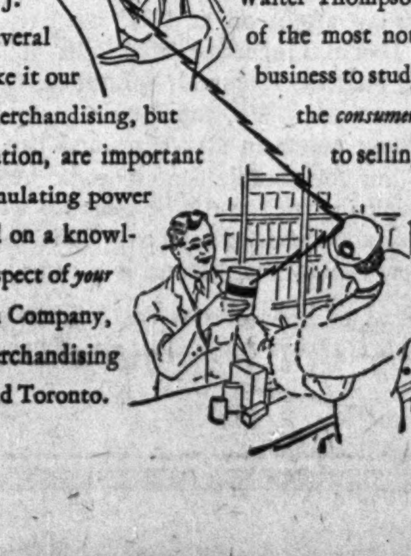
About 135,000 tons of sugar beets have been harvested in Southern Alberta this year. The average yield has been about half a ton per acre less than last year but the sugar content is reported higher.

Find the TRIGGER AREA *in Consumer Consciousness!*



Do you know why you sneeze?
Sensitive nerve-endings at the back of the nose form a "trigger area," which starts you sneezing when it is touched or irritated. There's a trigger area in the consumer's emotional being, too!

ADVERTISING today may bring sales *tomorrow* . . . or it may be a wasteful barrage of words and space. ¶ It all depends on whether your appeal touches the "trigger area" . . . the emotional region where wants are felt and desires created. ¶ Thus, even in these years of depression, certain sales campaigns have produced record results, because their approach has been planned and tested with reference to basic human reactions. ¶ The J. Walter Thompson Company has been associated with several of the most notable of these successes . . . for we make it our business to study not only products and markets and merchandising, but the *consumer!* ¶ Media analysis, research, coordination, are important to selling plans. But the vital factor is the stimulating power of the key *idea*, which must be based on a knowledge of *people*. May we discuss this aspect of *your* problem? ¶ The J. Walter Thompson Company, Limited, offers a highly specialized merchandising service through offices in Montreal and Toronto.



The J. WALTER THOMPSON COMPANY Limited
directs the advertising of these among other products and services
CHASE & SANBORN'S COFFEE
TENDER LEAF TEA
FLEISCHMAN'S YEAST
MAGIC BAKING POWDER
PONDS CREAMS
LIBBY'S 100 FOODS
LUX
SWIFT'S PREMIUM PRODUCTS
BANK OF NOVA SCOTIA
KRAFT CHEESES
MIRACLE-WHIP DRESSING
JERGEN'S LOTION
CREAM OF WHEAT
B.A. OIL PRODUCTS
CUTEX
ROWNTREE'S
DR. WEST'S TOOTH BRUSH

Utilities and Transportation

TELEGRAPH TOLLS AROUND WORLD WILL INCREASE

Canadian Firms Questioned on Effect of New Regulations

International cable tolls of Canadian business firms will be substantially higher in 1934 if Canadian experience is similar to that of other leading countries of the world.

A year ago an international telegraph conference at Madrid devised a new schedule of cable tolls between world countries, to come into effect on Jan. 1, 1934. Many protests were made at that time that the new rules would result in a material increase in cable costs to business firms, but no definite figures were available to prove the point.

World Figures Collected

Subsequently the International Chamber of Commerce sought the co-operation of its membership in various parts of the world to definitely test in dollars and cents the extra cost which the average business user of cable tolls will be called upon to pay. The new proposals may be summarized as follows:

1. Code word maxim reduced from a ten to a five-letter basis.
2. The rate on five-letter word will be 60 per cent of the present full rate.
3. A five-word minimum charge on code messages, including cable address and signature.
4. Address and signature will always be counted as five-letter words.
5. Plain language words can be used in the text of code messages. They will be charged one word for each five letters or fraction thereof.
6. Urgent rate is to be double the full rate instead of triple.

For Canada questionnaires are now being distributed and data will not be available until early in the New Year. Montreal Board of Trade, for instance at its last regular meeting of the council, authorized the circularization of its membership. In Toronto, members of the Board of Trade were circularized a short time ago and data is being collected for the three-month period, October to December inclusive.

German Figures Published

The current issue of "World Trade," official publication of the International Chamber of Commerce publishes this month some early results of test figures received from Germany and Great Britain. The figures, it is said, show conclusively that the majority of firms in leading lines of business will pay higher tolls.

One set of replies received from Germany is said to be typical. This shows results from 75 leading firms representative of the main groups of industry, trade and finance. Of this number, 55 show an increase and only 20 a decrease. Those that would pay higher tolls if the Madrid regulations were in effect report an increase of practically 9 per cent. The average decrease in tolls for those who report improvement under the contemplated new arrangements is about 1 per cent. If the Madrid rules had been enforced these 75 firms would have had to pay 6¼ per cent more for their international telegraph bills.

Another important result of the German returns which, it is claimed are typical of those from other countries, is that the increase hits the big users of tolls and as a general rule, spares only the small or intermittent user. Only in a very few cases does the total expenditure on code telegrams of the firms showing a decrease exceed 1,000 marks, and in nine cases out of the twenty the total expenditure was less than seven hundred marks.

The 25 firms for which code traffic statistics were available in April, May and June would have spent 6 per cent more under the new regulations. Twenty companies would have paid higher rates while only five showed a decrease.

"A further peculiarity of the new regulations," says the report, "would appear to be that they penalize the business which increases its cable traffic. One month a firm may send, say, seventy telegrams, most of them short; the costs under the present and under the future regime are just about equal. The next month, business picks up and the same firm sends double the number of telegrams including a larger percentage of long telegrams (for experience proves that when business is brisker, more long telegrams are sent); immediately, instead of equality of costs there is an increase.

"In other words the less business done and the fewer telegrams sent, the more the user gains under the new regulations, and the more business he does the more he loses. This means too that the increase in charges resulting from the Madrid regulations would be much greater in a period of normal international trade, and the Madrid Conference was hardly meant to legislate exclusively for a time of economic depression."

Exports of Power Register Increase

From Our Own Correspondent

MONTREAL.—Exports of electrical energy from Canada to the United States have registered a marked improvement. Last year was one of the worst experienced, deliveries to the States in the first nine months of the year totalling only 540,510,000 kw.h. For the corresponding period this year deliveries have aggregated 650,309,000, an increase of 20½ per cent.

Canada delivers power to the States at four major points: from New Brunswick to Maine, from Quebec and Ontario to New York State, in the Lake of the Woods section and from British Columbia to Washington. The improvement in demand this year has been largely as a result of the increased industrial activity in New York State, where Ontario Hydro and the Cedars Rapids Power and Manufacturing Co. normally market a large quantity of energy.

GEORGE F. HARDY
Consulting Engineer
305-309 Broadway, New York City, N.Y.
Member
Amer. Soc. C.E. Amer. Soc. M.E. Eng. Inst. Can.
Consultation
Reports
Valuations
Estimates
Paper and Pulp Mills
Hydro-Electric and
Steam Power Plants
Plans and Specifications

QUEBEC POWER SUBMITS OFFER TO CITY COUNCIL

Will Reduce Scheduled Rates — Want 10-Year Contract

From Our Own Correspondent

MONTREAL. — Quebec Power Co., through Julian C. Smith, president, has made a new offer of lower electricity rates for street lighting and domestic purposes in the City of Quebec.

The company has renewed the offer presented the city in in 1931, based on the revenue of that year. The offer contained a $350,000 reduction a year, but as revenues of the company have since declined $200,000 the company now offers a reduction equivalent to $150,000.

In presenting the offer Mr. Smith pointed out that the $343,000 reduction suggested by the special committee of engineers appointed by the city, was based on the 1932 revenues of the company and as the company's revenue had since declined, the engineers' reduction would be automatically lowered.

Want 10-year Contract

In addition to the $150,000 reduction in rates on electricity for domestic purposes the company offered a reduction of $35,000 in the cost of electricity for street lighting. In return the company asks the city to enter into a new 10-year contract from July, 1935.

For many months past the city council and Quebec Power Co. have been in discussion over the matter of rates. The city has contended that the rates were too high and went as far as to apply to the Provincial Legislature for authority to establish a municipal system. This was turned down. Later the city engaged three well-known engineers to investigate the situation. They reported that in their opinion the rates were too high and suggested additional negotiations with the company before taking the matter up with the Public Service Commission.

At the same time the city appears to be going ahead with its plan to take a referendum on the matter of establishing a municipal lighting system.

Quebec Power Co. has countered the agitation for lower rates by putting into effect substantial reductions. These have not been met with the approval of the city authorities, who seek even larger reductions than those offered by the company.

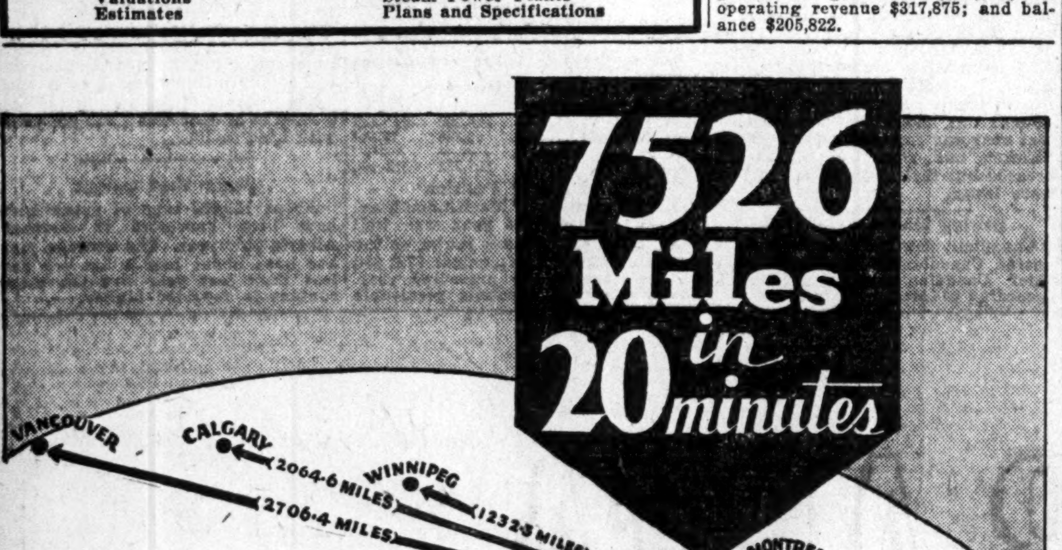
The present offer is being taken under consideration by the council at a special session to be held next week.

Jamaica Public Service Revenue Less in September

From Our Own Correspondent

MONTREAL.—Both gross and net revenues of Jamaica Public Service in September last were lower than reported for the same month a year ago. Income for September, 1933, totalled $62,990 and after the payment of operating expenses and taxes, there was a net revenue of $25,183. Interest and amortization absorbed $9,701, leaving a balance of $15,482. For the same month last year gross revenue amounted to $63,809, net income $26,540 and balance $17,249.

For the twelve months ended September, 1933, cumulative gross revenue was $793,190. Income available for interest, etc., was $326,175, and after the payment of senior charges, there remained a surplus of $213,688. For the preceding twelve months gross earnings totalled $794,643; net operating revenue $317,875; and balance $205,822.



LONG DISTANCE
stages Dominion-Wide Conference for prominent Toronto Manufacturer in record Time

The Simplex Piston Ring Co. of America, Inc. with headquarters in Toronto, needed immediate contact with representatives in five key cities. How well Long Distance served them is best told by themselves:

"Yesterday afternoon at 2.45, we gave your Long Distance operator five calls to make for us; Halifax, Montreal, Winnipeg, Calgary and Vancouver. We carried on a conversation with these points in succession and had completed our round-table conference at 3.05 p.m. We think that this is the best service we ever received anywhere. Five Long Distance calls completed in twenty minutes is a record."

This type of service is typical of Long Distance. It is always quick, clear and dependable.

Low evening rates on station-to-station calls begin at 7 p.m. Still lower night rates at 8.30 p.m.

THE BELL TELEPHONE COMPANY OF CANADA

ELECTRIC UTILITIES IN SASKATCHEWAN ARE "HOG-TIED"

Not Allowed to Expand Despite Commission Deficits

From Our Own Correspondent

REGINA.—While the Saskatchewan Power Commission is connecting the town of Eston with the Swift Current plant, 60 miles away, it has so far not allowed any privately-owned companies to extend their lines into any territory, no matter how much the service is needed. Private companies protest this "dog in the manger" policy of the power commission.

Most of the companies are tied up with the Power Commission in supplying power on stub lines owned by the Commission but by force of circumstances attached to the private company's supply. Geographically these stub lines are in territory which should be served by the private companies, but the Saskatchewan government policy of public ownership will not allow private companies leeway.

The Commission has before it applications of private companies for extension into untapped territory but because the government has laid down the principle of public ownership for the party, the Commission remains inactive as far as the private companies' endeavors to get new business are concerned.

Commission Expansion

Shareholders of private companies will be amazed at the fact that while their companies, which are paying their way, cannot extend their services, the Power Commission which had a $50,000 deficit for the last year, exclusive of taxes, which it does not have to pay, is allowed to proceed with extensions which may mean a possible greater deficit and at no distant date.

It has been pointed out that one reason why the government continues in its public ownership venture is that if it was to drop it, fire would be added to the Farmer-Labor campaign which is of course based on a strong public ownership programme.

In the meantime, private companies in Saskatchewan are doing nothing in the way of extending their facilities because they are "hog-tied," to use one man's expression.

ALDRED TRUST HOLDINGS SHOW FAIR STABILITY

Assets' Value Maintained at End of September — Income Better

From Our Own Correspondent

MONTREAL. — Aldred Investment Corp. (Canada) reports that for the quarter ended September 30, 1933, there was a net loss of $5,178 after expenses and debenture interest. There was a profit of $7,254 on securities sold during the three months, however, so that the income account shows a surplus of $2,076 after all charges.

For the corresponding quarter last year the company had net earnings of only $4 and a loss on sale of securities of $1,401, bringing the net loss for that quarter to $1,397.

Change in Investments

Changes were effected in the company's investment portfolio during the third quarter this year. Some 2,463 shares of Edison General Electric Co., Milan, were sold. At the end of last year the portfolio showed that the company held 5,463 common shares in this enterprise.

In replacing this stock, the company purchased 1,000 common shares of Gillette Safety Razor Co., in which company Aldred Investment had a stock interest of $3.025 shares at the end of 1933.

Value of Securties

Market value of the company's investments remains about the same. At December 31, 1932, the company had $3,145,690 of investments at cost. The market value of these investments, together with net current assets, was $1,262,500.

At the end of September last the cost price of bonds held was $1,034,810 and market or nominal price $711,985. Stocks held cost $1,926,566 and market or nominal value was $539,695. The total book value of investments at the end of the third quarter was $2,961,376, against which the market or nominal value was $1,251,680.

Aldred Investment's total assets at September 30, 1933, had a value of $3,127,063. This compares with $3,236,837 at the close of 1932.

Imperial Airways Considers England to Canada Air Route

Imperial Airways has been investigating the possibilities of a North Atlantic route and has met satisfactory co-operation from the Canadian and Newfoundland Governments, according to Sir Eric Geddes who presided at the general meeting of shareholders of the company held recently in London. Sir Eric said "Canada is likely to be, by force of circumstances, the last of the great Dominions with whom we shall make contact by means of regular air service. We can, however, look forward to the developments taking place on this Transatlantic project in complete harmony with Great Britain and Canada."

Sir Eric Geddes referred to the extension of the England to India route to Australia. Service has been extended from Karachi to Rangoon and by the end of December would be operating to Singapore. The Australian Government has assumed responsibility for establishing a line from Singapore to some point in Australia and has decided to invite tenders for the carriage of air mail over that section of the line.

Canal Traffic Higher as Ore Trade Increases

From Our Own Correspondent

MONTREAL.—Though the volume of canal traffic in October was greater than a year ago, Canadian shipping companies did not share in the improvement to any large extent. Freight using the Soo locks last month amounted to 7,154,293. This was nearly 50 per cent greater than in October, 1932. The gain was solely due to an increase in iron ore shipments from 904,521 tons to 4,782,866 tons in 1933. Wheat shipments, on the other hand, were 22 per cent lighter.

U. S. Trade Pact Unlikely Until 1934 at Least

But Both Canada and U. S. Have Improved Relations Within Recent Months

From Our Own Correspondent

OTTAWA—With the Bennett and Roosevelt administrations deeply involved in domestic problems, the reciprocity negotiations initiated at Washington last April have not been advanced in the past seven months. Nor is it likely that these negotiations will be reopened until next year.

The fault, if fault there is, with this failure to press forward with definite proposals to improve trade between the two countries is not attributable to Ottawa. It is learned here that the explanation of the long delay lies in the fact that President Roosevelt last spring decided to concentrate upon domestic problems and to leave international questions in abeyance pending the outcome of the efforts which have been made to better domestic conditions by means of the N.R.A. About the only exception to this general attitude is the recent conversations with Russia.

Relations Have Improved

But while the reciprocity treaty is no nearer consummation now than in April last, the relations between the two countries have materially improved, according to informed opinion here. Each country has endeavored to avoid increasing barriers to trade.

In the case of Canada, the rise in the dollar in New York funds has wiped out the currency dump duty—which was regarded by the United States government commercial intelligence officials as the most serious impediment to their exporters. And the United States hitherto has sought to bring Canadian exporters within the area of the N.R.A., rather than to shut out Canadian goods by prohibitive tariffs. This is particularly true of newsprint, shingles and copper. In other lines of exports, Washington has abstained from tariff increases despite an increase in Canadian exports.

In a general way it is believed that Washington and Ottawa are working in close co-operation in these matters. Unless Canadian exporters increase their sales in the United States to an extent which threatens to defeat the price raising efforts under the N.R.A., no action is likely to be taken. Meantime, Washington has resisted successfully demands for higher tariffs against Canada coming from various groups of producers, notably the fishermen of New England and the dairy interests of the Northern States.

FOUNDATION CO. ORDERS ON HAND OVER $2,500,000

Fair Volume of Business Being Handled in All Divisions

From Our Own Correspondent

MONTREAL. — Foundation Co. of Canada has over $2,500,000 worth of business on its books. This is regarded as being below normal, but in view of the limited amount of new construction being undertaken, this total is regarded as very satisfactory.

New contracts secured include a large addition to the rayon mill of Courtaulds (Canada) at Cornwall and the river section of the Island of Orleans bridge near Quebec for the provincial government.

The company also has in hand work on the Second Narrows bridge for the Vancouver Harbor Commissioners. Progress on this job to date has been well up to schedule.

Foundation Co.'s marine division has had a busy season, all units being actively engaged. Sufficient business already is contracted to keep all marine plants busy during the season of 1934.

Add to Equipment

No word is forthcoming from the company's officials as to the trend of earnings this year. It is stated, however, that the company has taken advantage of the present low costs to add substantially to both buildings and machine shop equipment in its storage yards.

In the fiscal year ended April 30 last, Foundation Co. had net earnings of $224,706. After writing off $145,920 for depreciation, the balance was equivalent to 78 cents a share on the common stock. Over the past five years the company has earned an annual average of $1.89 a share on its common stock.

5.375% Yield

Province of Alberta

5% Sinking Fund Debentures
Due September 1st, 1955

Price: 95.20 to yield 5.375%

Orders may be telephoned or telegraphed at our expense.

Wood, Gundy & Company Limited

Telephone ELgin 4321 — *36 King St. West Toronto*

Abitibi Power & Paper Company, Limited
TORONTO, ONT.

Owning and operating mills at

Beaupré, Que. — Sault Ste. Marie, Ont.
Sturgeon Falls, Ont. — Iroquois Falls, Ont.
Espanola, Ont. — Smooth Rock Falls, Ont.
Pine Falls, Man. — Fort William, Ont.

Daily Capacity 2,200 Tons Newsprint
Groundwood Pulp — News Sulphite Pulp
High Grade Bleached Sulphite Pulp

New Issue

$1,250,000

NATIONAL GROCERS COMPANY LIMITED

6% 15-Year First Mortgage (Closed) Sinking Fund Bonds

To be dated November 1, 1933. To mature November 1, 1948.

TRUSTEE—NATIONAL TRUST COMPANY, LIMITED

Sinking Fund of Fifteen Equal Annual Payments, First Payment November 1, 1934, Sufficient to Retire Entire Issue By Maturity

CAPITALIZATION
(Upon completion of this financing)

	Authorized	Issued
6% 15-year First Mortgage (Closed) Sinking Fund Bonds (this issue).	$1,250,000	$1,250,000
7% Cumulative Preference Shares—$100 par value	3,500,000	2,953,200
Common Stock—without nominal or par value	300,000 shs.	295,852 shs.

COMPANY

National Grocers Company Limited was incorporated under the Laws of the Province of Ontario in August, 1925 and is the largest wholesale distributor of groceries and food products in the Province of Ontario. Sales are made to over 10,000 retail grocers in Ontario, including a chain of 720 "Red and White" stores which are under contract with the Company.

EARNINGS

During the past few years, when industrial earnings generally showed marked decreases, this Company's earnings have been remarkably well maintained. Messrs. Price, Waterhouse & Co., Chartered Accountants, Toronto, have reported that the earnings of the Company for the five fiscal years ended June 30, 1933, after deducting all expenses including bank interest and interest on Gold Notes as adjusted to give effect to the saving in interest charges which would have resulted from the application in reduction of loans of the proceeds from the $1,250,000 of 6% Bonds now being offered, but before providing for depreciation and income taxes, were as follows:

YEARS ENDED JUNE 30

	1929	1930	1931	1932	1933
Earnings as above	$604,740.53	$545,304.24	$501,070.33	$520,975.90	$580,046.25
Deduct provision for depreciation	118,366.94	120,156.04	121,504.06	112,330.52	119,901.75
Balance of earnings	$486,373.59	$425,148.20	$379,566.27	$408,645.38	$460,144.50
Annual interest charges on this issue of $1,250,000 6% Bonds	$ 75,000.00	$ 75,000.00	$75,000.00	$ 75,000.00	$75,000.00

Earnings as above, after depreciation, for the past five years have averaged $431,975.60 per annum, equal to approximately 5.7 times the annual interest charges on this issue of $1,250,000 of Bonds. For the last fiscal year ended June 30, 1933, earnings of $460,144.50 amounted to more than 6 times the annual interest charges on the issue. During the first three months of the current fiscal year net earnings, after depreciation but before interest charges, were about $35,000 in excess of the earnings for the same period of the last fiscal year.

SECURITY

These Bonds will be secured by first mortgage and charge on all the Company's fixed assets, including real estate, plant, buildings and equipment (except motor and other delivery equipment), having a book value of $1,882,740.02.

The Trust Deed securing these Bonds will contain covenants of the Company not to pledge, hypothecate or otherwise charge any of its current assets and to maintain net current assets at an amount equal to 150% of the principal amount of these Bonds for the time being outstanding. Net current assets at June 30, 1933 as shown by the Pro Forma Balance Sheet drawn up by Messrs. Price, Waterhouse & Co., amounted to $2,909,929.46, after applying in liquidation of existing bank loans as at that date the entire proceeds of the Bonds now being offered, which is equal to nearly 235% of the total amount of Bonds.

The Pro Forma Balance Sheet hows net tangible assets of $4,959,829.80, an amount equivalent to $3,968 per each $1,000 Bond now being offered.

PURPOSE OF ISSUE

The proceeds from the sale of these Bonds will be used for the purpose of retiring bank loans incurred in redeeming at maturity, in August, 1932, the balance of $991,500 of the Company's Gold Notes and for liquidating other current liabilities.

We offer these Bonds when, as and if issued and received by us and subject to the approval of Counsel.

PRICE: 96 and accrued interest, yielding over 6.40%

All legal details in connection with this issue will be approved by Messrs. White, Ruel & Bristol, for National Grocers Company Limited, and Messrs. Tilley, Johnston, Thomson & Parmenter, for the Bankers.

It is expected that Trustee's Interim Certificates will be available for delivery on or about 15th November, 1933.

Nesbitt, Thomson & Company Limited

R. A. Daly & Co., Limited — McLeod, Young, Weir & Co., Limited

The statements contained in this advertisement are not guaranteed but are based upon information we believe to be correct and on which we are relying in the purchase of these bonds.

133

News of Investment Markets

U. S. PURCHASING CHIEF STRENGTH CANADIAN BONDS

Canadian Liens Seen as Hedge Against Inflation in U. S.

Pronounced strength was recorded by Canadian bond markets in the week ended Nov. 14. All classes of bonds were in a rising trend, partly due to transfers of American money into Canadian securities, as fears of inflation swept United States investors.

It is conceded by dealers that there has been some American selling here because of the rise in Canadian bond values and in Canadian dollars. It is contended, however, that the rise in our bonds, particularly high-grades, and the advance of the dollar reflect more than anything else a rush of American money into the Canadian market.

A noteworthy contribution to American confidence in Canadian securities was the publication during the week by an American statistical service of the opinion that Canadian three-payment liens are probably among the best hedges against inflation in the United States. Such bonds are payable in Canada, Great Britain or New York in respective currencies of the three nations.

Sterling Demand

Until recently the demand for Canadian sterling-payment bonds is said to have been so heavy from Great Britain as to have greatly reduced the floating supply of such issues on the Canadian market. Canadians selling such issues have apparently placed funds in other high-grade bonds and so strength has been contributed to almost the whole market.

The rise in the gilt-edged market is shown by the decline in The Financial Post's average yield on seven high-grade Canadian bonds. For the first time since Sept. 19 this average yield went below 4.4 per cent. It is still above the low for 1933, of 4.350 per cent however, as is shown below:

Average Yield on Seven Canadian High Grade Bonds

	%		%
Nov. 14 ...	4.410	Nov. 6 ...	4.423
Nov. 13 ...	4.390	Nov. 4 ...	4.421
Nov. 10 ...	4.391	Oct. 31 ...	4.420
Nov. 9 ...	4.403	Oct. 16 ...	4.420
Nov. 8 ...	4.417	Sept. 30 ...	4.459
Nov. 7 ...	4.420	Aug. 29 ...	4.350

Westerns Continue Strong

Western provincials continued the display of strength of the preceding week. Advances were most marked in Canadian-payment issues, the second successive week in which this has been noted. Issues payable in both Canada and New York practically stood still. This may be due either to the fact that such bonds have been higher than purely Canadian-payment issues or to liquidation of two-payment bonds by Americans or to a combination of both.

Among corporation bonds, public utility issues were uniformly higher. Quebec Power 5's of 1968 were up four points to 92, and Manitoba Power 5½'s of 1951 gained the same amount to 37. Other noteworthy gains were recorded in B.C. Power 5½'s of 1960, up three points to 96; Shawinigan 4½'s of 1970, up 3½ points to 77½; B.C. Telephone 5's of 1960 up two to 96½.

Other Corporate Gains

Gains predominated among other corporation issues, but were interspersed with losses. Fraser Companies liens were up sharply as operations became more satisfactory, the 6's of 1942 rising 11 points on the bid side to 39. Simpsons 5½'s of 1949 rose four points to 74, and the 6's of 1949 were up two points to 78. Among the gains were a number by issues which have recently been somewhat soft. Gypsum, Lime and Alabastine 5½'s of 1948 were 1½ points higher at 44½ bid; United Grain 5's of 1948 were up two to 72.

Among the losses, Price Bros. 6's of 1934 dropped two points to 59, yielding ground gained when obstacles confronting the Bowater deal for the property had not been fully evident. Abitibi 5's of 1952 were one point lower at 22.

Because of the activity of high-grade issues, largely due to currency fluctuations, interest in municipals was low, and tenders and sales were scarce.

Province Refuses Favors Walkerville Faces Default

Tax collections of the town of Walkerville, Ont., are understood to be likely to leave a shortage in the treasury to meet principal of debentures in full in December. Although town officials have stated they are anxious to avoid default, taxpayers have suggested that principal should not be met. This might mean appointment of a board of supervisors.

It is intimated in some quarters that the town will default at least part of principal due Dec. 1. The province of Ontario is understood to have refused to consider special legislation to allow refunding of the town's debt. In the meantime, Walkerville is believed to be negotiating with bondholders to have its debts rearranged. The province, however, is not expected to give special sanction or aid in these negotiations. The town is the only municipality of importance in the border cities area which has not defaulted.

Bond Tenders

November 21 — **Township of La Sarre, Que., $17,000, 6 per cent bonds,** dated October 1, 1933, redeemable serially October 1, 1934, to October 1, 1943.

December 1—**Sainte Cecile of Whitton, P.Q., $11,000, 5½ per cent bonds,** dated November 1, 1933; redeemable by series to 1953.

5 p.m., Nov. 21, Township of La Sarre, P.Q.—$17,000, 6 per cent bonds, dated Oct. 1, 1933, redeemable serially from Oct. 1, 1934, to Oct. 1, 1943. Object of loan: floating debts. M. St. Laurent, sec.-treas.

5 p.m., Dec. 1, Sainte Cecile of Whitton, P.Q.—$11,000, 5½ per cent bonds, dated Nov. 1, 1933, redeemable by series to 1953. Object of loan: debt consolidation. J. A. Beaudoin, sec.-treas.

Burns Reorganization Is Expected Early

Announcement of a plan of reorganization for Burns & Co. will be made by the Bondholders' Committee before the end of December, it is anticipated. A meeting of bondholders will be called early in 1934, probably in February.

While earnings in the first nine months of 1933 show good improvement, the company is unable to meet its obligations due on December 1 nor can it do so in the near future. Since the company's business appears to have reached a more stable basis the Bondholders' Committee believes that a reorganization can be arranged at the present time.

The Committee has recently returned from Calgary where operations were studied at first hand. It is understood that the plan of reorganization to be proposed to bondholders, preferred and common shareholders has taken definite form.

Moot Inspection of Municipalities After Default

Because municipalities in Ontario which have encountered financial difficulties have sought to refund their debt without going under supervision, the Investment Bankers' Association of Canada has been working toward making a suggestion that municipal inspectors be appointed by the province. At present supervisors are appointed on request of the defaulter to the Ontario Municipal Board or upon request by 20 per cent of the creditors.

It is felt by the I. B. A. that investors' interests would be served better, if provincial inspections were made of municipal affairs immediately upon default, or upon threatened default. This would not be equivalent to appointment of supervisors, but would take care of defaults without delay and without need for application to the Municipal Board.

There is also some fear from investment interests that Ontario may allow municipalities to refund in some cases by giving special sanction or passing special legislation. This, it is claimed, would negate the effects of the Ontario Municipal Act. Premier Geo. S. Henry is understood to have informed investors and their representatives that he wil not grant any sentatives that he will not grant any such special permission to refund.

Sudbury Defaults Tax Arrears High Collections Down

City of Sudbury, Ont., has shown unsatisfactory tax collections in 1933, and is understood to have defaulted part of principal due on debentures Oct. 1. Tax levy for 1933 was $754,343, of which $382,471, or 50.7 per cent, had been collected by Aug. 31. This compares with a levy of $795,232 in 1932, of which $426,212, or 53.6 per cent, was collected to Aug. 31.

Arrears of taxes as at Jan. 1, 1933, totalled $426,737, compared with $219,574 in 1932. Of total arrears only 26.2 per cent had been collected to Aug. 31, 1933, compared with 40.8 per cent in the same period of 1932. Thus, there appears to be a prospect of total arrears amounting to over $650,000 by the end of this year, against a total tax levy for 1933 of $754,343. The last tax date is Aug. 20 so that most of the year's income is included in the collections to Aug. 31.

Walker Whiskey Suitable to "Cut"

Of 14,500,000 gallons of matured and maturing whisky in Hiram Walker-Gooderham & Worts warehouses, it is understood that there are 8,750,000 gallons of American type whisky including two million gallons of Canadian Club whisky for export. As Canadian Club will not be "cut" that leaves six and three-quarter million gallons of whisky owned by Walker which is capable of "cutting" to as high as ten times if regulations for manufacture, blending and cutting are to be as free as recent news dispatches indicate. That adaptability to "cutting" may enhance the value of these supplies in the United States considerably although there is considerable doubt that Walker will itself consider "cutting" in any way which will interfere with the reputation which it desires for its branded products.

Interests close to Walker's understand that the management does not regard the situation as calling for haste. If manufacture is to be wide open and regulations as to ageing and quality are lowered, they feel that advantage will lie with those who refuse to line up with the "cheap whisky" makers.

As for the time of export from Canada it is hard to tell. There is now a duty of $5 a gallon but those who rush in supplies between December 5 and the time when Congress decides on the new rates might possibly find a lower rate put in force. A considerable section of President Roosevelt's advisers in the revenue section favor lower taxation at first so that the fight against the bootlegger can be carried on more effectively. They point out that it will be easy to raise the taxes later on when the bootlegger has been eliminated.

NIAGARA FALLS GIVES INDICATION DEFAULT NEAR

City Alleged to Have Asked Bondholders to Refund

City of Niagara Falls, Ont., is understood to have approached some of its bondholders seeking a refunding arrangement. The city is alleged to have admitted that it will be able to pay only 25 per cent of principal amount due on debentures in the near future, and to have requested that bondholders consent to refunding of the remaining amount. From this it appears that there is a possibility of the city's default.

Under the terms of the Ontario Municipal Act and the authority of the Ontario Municipal Board, it is not legal for a city to arrange refunding of its debentures without special provincial sanction or without going under control of a board of supervisors.

City's Alleged Claims

Niagara Falls officials have expressed to bondholders the desirability of avoiding provincial supervision, reliable sources inform The Financial Post. The city is reported to have informed investors that it would be more satisfactory to them, if they were to consent to refunding, than if a supervisory board were appointed for the city. If bondholders do not consent, the city is alleged to have claimed, then the council will probably have to apply to the Ontario Municipal Board for supervisors. If supervisors are appointed, city officials are alleged to have claimed, there is no guarantee that there will be any principal or interest paid at all by the appointees.

Some bondholders, who are understood to have been approached by the city in the aforementioned manner, have been somewhat shocked, especially by the reference to supervision. Not that supervision is feared, but that the city's alleged claim that it means no interest or principal may be paid at all by supervisors has caused concern.

City Criticized

Representatives of some of the bondholders are disturbed by the city's alleged claims. "What right has a potential defaulter to disturb uninformed bondholders with a statement of this kind about supervision?" they ask. The creditor representatives feel that supervision would at least result in as much benefit to bondholders as would its avoidance; and perhaps it would mean greater benefit, they contend. They also feel that the city is exceeding its authority.

In making its approach to bondholders Niagara Falls is alleged to have admitted openly that it will not have sufficient funds to meet maturing principal of bonds. Since municipalities are usually slow to admit that there is a possibility of default, because it is desired to maintain as good credit as possible, there may be considerable significance to this.

Tax Collections Low

Tax returns for Niagara Falls to Aug. 31, which includes all current tax collection dates for the year, show that the city only collected 49.3 per cent of its total levy to that date. This compares with 53.4 per cent in the same period of 1932. Collections of arrears amounted to 30.2 per cent of the total outstanding at Jan. 2, 1933, compared with 38.9 per cent last year.

If only 50 per cent of taxes were collected to Dec. 31, 1932, total arrears would perhaps reach $850,000 at the end of this year, compared with a total tax levy for 1933 of $951,358.

Ask Bondholders Matthews S.S. Co. To Meet Nov. 28

Notice has been given that a meeting of holders of Matthews Steamship Co. six per cent bonds, due 1942, will be held at 15 Wellington St. West, Toronto, on Nov. 28 at 10.30 a.m. The purpose of the meeting is to consider two offers to purchase the pledged assets, any modifications of offers, and other action necessary to carry out sale of the assets. Both proposals are virtually in the nature of reorganization plans.

Norris Grain Co. and Sarnia Steamships Ltd. have each submitted a purchase plan, both schemes involving incorporation of a new company. Payment would be made by handing over junior securities of either of the proposed new companies and by payment of present floating debts.

East Windsor Tax Receipts Better in 1933 Than 1932

City of East Windsor reports better tax collections in 1933 than in 1932. Mayor Fontaine recently announced that nearly $400,000 had been collected to Oct. 31, in a tax roll of $693,079, as compared with $475,570 for the whole year 1932 in a tax roll of $1,093,697.

Although a substantially higher proportion of the tax roll had been collected in the first 10 months of 1933 than in 1932, this is largely due to the decrease in the roll through activities of the city's board of supervisors. The actual bulk sum of taxes collected to Aug. 31 was only $5,435 above the same figures for 1932.

The city owed the Bank of Montreal $672,517 in October, and had cash in the bank of $290,480. The bank loan was $717,970 early this year.

Credit Anglo-Français Buy Valleyfield Bonds

From Our Own Correspondent

MONTREAL.—Credit Anglo-Francais has purchased an issue of $88,500 of the city of Valleyfield, P.Q., bonds, at 98.25. This is a 5 per cent serial issue, due from one to 20 years.

"STRONGLY URGE" BANKS TO MARKET ONLY BEST BONDS

Royal Commission Impressed by Evidence of Abuses

Banks have the right to deal in securities; should be allowed to tender for and distribute government and municipal securities, but are "strongly urged" to refrain from distributing for their own account "any but the highest class of securities" available in Canada.

The Royal Commission on banking and currency has given the above answer to complaints against Canadian banks for their activities in the securities business. Bond dealers are disappointed with the commission's treatment of this question.

Legislation to enforce the commission's recommendations is not suggested in the newly issued report. Presumably this is a question which is in the category described in the Commission's concluding remarks as follows:

"Some of the topics discussed before us are not in our opinion appropriate for legislative treatment in the revision of the Bank Act, and on such topics we have confined ourselves to comment and advice, confident that what we have said will receive due consideration."

Recognizes Abuses

Outstanding in the recommendations on securities is the acknowledgement by the Commissioners that "we could not fail to be impressed by the evidence of abuses" by the banks. The type of securities which banks might suitably distribute, in the opinion of the Commission, includes issues by governments, municipalities, and other public or semi-public bodies. The latter categories might be interpreted to include such issues as Ontario Hydro and Bell Telephone, in the opinion of dealers. It might be taken to exclude such corporation issues as Ontario Power Service, Canada Steamship Lines and Beauharnois.

Banks Defend Position

The text of the Royal Commission's comment on the banks' position in the securities business follows:

"The investment bankers and representatives of a number of boards of trade have strongly urged upon us that banks should be prohibited by statute from dealing in securities, save as regards purchases and sales for the banks' own portfolios. It has been suggested that the banks should be restrained from selling securities directly to the public and also from tendering for new issues, either individually or as members of syndicates, and from acting as agents in connection with issues made by governments, municipalities and other public bodies. There is apparently no exception taken to the banks acting as agents, through their numerous branches, for the distribution of securities, receiving a commission for such services, or to their sharing commissions with the bond dealers when purchasing orders are received from clients; provided in both cases that the source of supply of the securities sold to the public be the issuing body or the investment bankers.

"In answer to these representations, it is pointed out by the banks that dealing in securities is a recognized normal activity of banks throughout the world, and that in Canada the right of a bank to conduct such operations was established in 1876; that the revision of the Bank Act of 1890 and subsequent revisions . . . authorized a bank to 'deal in, discount and lend money and make advances upon the security of, and take as collateral security for any loan made by it, bills of exchange, promissory notes and other negotiable securities, or the stock, bonds, debentures and obligations of municipal and other corporations, whether secured by mortgage or otherwise, or Dominion, provincial, British, foreign and other public securities, and . . . to engage in and carry on such business generally as appertains to the business of banking.' 'Banking business' was defined in 1918 in Great Britain by the Board of Trade after consultation with the treasury as follows:

"'Banking business means receiving money on current account or on deposit; accepting bills of exchange; making, discounting, buying, selling, collecting or dealing in bills of exchange, promissory notes and drafts whether negotiable or not, buying, selling or collecting coupons; buying or selling foreign exchange by cable transfer or otherwise; issuing for subscription or purchase or underwriting the issue of loans, shares or securities; . . . .'

Aided in War

"The banks have drawn attention to the valuable aid rendered to the Dominion Government in floating its loans during the Great War, and to the assistance given in the marketing of a large volume of public securities in the post-war period, including the National Service and 4 per cent loans of 1931 and 1932. They have also drawn our attention to the fact that, when securities issued by public bodies run into many millions of dollars, their participation is necessary if firm bids are called for, and their assistance is always valuable to ensure wide and prompt distribution of the securities. It is manifestly in the public interest that provincial governments and municipalities and other public bodies should obtain as high a price as possible for their issues and this can be better secured by active competition among bodies financially capable of making good their tenders. There seems to us no justification for legislative interference with the practice which ensures keen competition and close tendering, and it follows that if the banks become, in whole or in part, the purchasers of such issues, they ought to be allowed to distribute them through their branches. From the point of view of the public, it has been pointed out that the banks have hundreds of branches in small and remote communities where the investment houses do not have, and cannot maintain, offices.

"While there is no doubt of the banks' right to deal in securities we could not fail to be impressed by evidence of abuses. It may be true that the volume of industrial or other securities sponsored and distributed by the banks may have been small in comparison with that of the governmental and municipal issues sold by them, but we nevertheless, strongly urge upon the Canadian banks the advisability of refraining from dealing in, or distributing for their own account, any but the highest class securities available in the country, and more particularly those issued by governments, municipalities and other public or semi-public bodies.

"As regards trading in stocks we do not consider that the banks should act otherwise than as agents for their customers to place such orders as they may receive through the regularly constituted channels provided by the brokers and investment bankers."

Weekly Record of Financing in Canada

SALES BY MUNICIPALITIES, PROVINCIAL AND DOMINION GOVERNMENTS

Municipal—	Date Sold	—Sold to—	Rate	Due	Amount	Price	Yield
Montreal South, Que.	Oct. 28	Banque Can. Nationale and Rene T. Leclerc, Inc.	5½%	10-yr. ser.	$50,000	100	5½%
Edmonton, Alta.	Nov.	Commercial Life Assurance	5%	10-yr.	29,940	90.81	6.25%

We offer to investors a new issue—

NATIONAL GROCERS COMPANY LIMITED

6% First (closed) Mortgage Bonds

Maturing November 1, 1948

Denominations: $1000, $500 and $100

PROVEN DEPRESSION-PROOF

THE COMPANY is the largest wholesale distributor of groceries and food products in Ontario. Sales are made to over 10,000 retail grocers, including 720 "Red and White" stores under contract.

EARNINGS after allowing approximately 22% of gross for depreciation (years ended June 30th):

1929—$486,373.59 1932—$408,645.38
1930— 425,148.20 1933— 460,144.50
1931— 379,566.27

Thus earnings averaged 5.7 times bond interest of $75,000. In the first quarter of this year earnings as above are increased $35,000.

SECURITY—Net current assets must at all times be maintained at 150% or more of the bonds outstanding. Net tangible assets equivalent to $3,968 per $1000 bond.

SINKING FUND—Buys in $83,333 of bonds per annum with first purchase November 1, 1934. Entire issue retired at maturity.

CALLABLE at 105 to November 1, 1938, decreasing thereafter.

PRICE: 96 and interest yielding 6.42%

A descriptive circular forwarded upon request.

McLEOD, YOUNG, WEIR & CO. LIMITED
Metropolitan Building, Toronto
Telephone: ELgin 0161
Montreal Harbour 2276 | Ottawa Queen 878 | London Metcalf 1465 | Hamilton Regent 0010

Investment Notes

Significant Investors' Index Numbers

1926 = 100

	Iron and steel	Pulp and paper	Milling	Oils	Textiles and clothing	Food and allied products	Beverages	Total industrials	Total utilities	Total co's.
No. of Securities:	19	8	5	4	9	19	8	93	19	118
1929-32:*										
High	383.8	118.2	267.4	416.8	110.1	193.8	201.4	311.0	163.6	235.4
Low	36.8	1.4	34.9	78.3	24.0	66.5	27.3	44.0	30.5	38.6
Monthly Figures, 1933:										
January	49.5	3.3	41.1	93.6	36.8	82.9	34.0	59.6	44.6	50.8
February	44.4	3.6	39.7	86.5	33.6	80.2	31.6	56.3	38.6	46.6
March	44.8	2.3	37.8	86.7	32.2	78.6	36.0	57.3	38.2	46.6
April	48.6	2.7	44.3	98.1	31.2	85.3	37.8	67.5	38.5	52.0
May	65.5	3.8	60.9	122.4	45.7	105.1	63.2	85.8	47.2	64.7
June	83.0	6.4	70.3	141.6	55.2	118.2	106.4	103.6	53.8	76.1
July	98.1	8.4	79.1	156.6	60.0	139.1	164.3	118.3	58.5	85.0
August	91.2	7.6	76.4	147.6	59.1	126.8	152.1	113.3	53.9	80.3
September	84.8	7.3	73.0	150.4	61.6	121.0	159.4	115.1	50.7	80.2
October	72.4	6.0	70.8	128.7	58.2	111.5	127.5	100.1	45.9	71.5
Weekly Figures:										
Nov. 2	66.0	.6	61.6	119.3	44.4	99.7	124.6	89.2	39.4	64.5
Nov. 9	67.8	.6	61.6	129.9	44.3	101.6	131.5	94.5	39.6	67.2

*High and low of 1929 and 1932 are based on weekly figures. In 1933 index numbers are given monthly for the first ten months and then weekly. Compiled from figures issued by Dominion Bureau of Statistics. See also Stock Market Indicator on page one.

MINING INDEX DROPS

The weighted index number of twenty mining stocks computed by the Dominion Bureau of Statistics on the base 1926=100, was 111.5 for the week ending November 9, as compared with 114.3 for the previous week.

Eleven gold stocks fell from 111.5 to 107.9, four gold-copper stocks from 138.9 to 137.3, and five silver and miscellaneous stocks rose from 39.5 to 42.3.

Adanac—High grade ore is reported about 150 ft. west of the shaft, which is believed to be a continuation of the "B" vein which gave high assays. The shaft is to be sunk to 500 ft. with stations at 125 ft. intervals. A steam plant, to be in operation next month, will facilitate sinking to 1,000 ft.

Clericy — Gold-bearing sulphides, revealed on Christie claim in Rouyn, are said to average $6 to $13 per ton (gold at $20), across 10 ft. width. Diamond drilling is continuing.

U. S. Buying Canadian Rye

UNITED STATES distillers plan such considerable production that domestic supplies of rye are insufficient. There has been through this year a very brisk demand for Canadian rye to supplement the United States supplies. Even in October the United States took from Canada 779,831 bushels valued at $379,164 out of a total export of 918,795 bushels at $430,483. Over 2,000,000 bushels have gone to the United States in the last three months.

The 1933 rye crop of Canada was probably the lowest since 1917, but there was a carryover at July 31, 1933, of 5,814,727 bushels which is contributing to the export trade. United States demand is due to a light domestic crop and the imminent change in the liquor laws of that country.

* * *

Canada's Largest Lumber Company

IN THE last two months the prices of Canadian Western Lumber first mortgage bonds have risen from 75 to 85 and the five per cent cum. income bonds from 30 to 43. The explanation given by The Stock Exchange Gazette (London) is that the company—the largest lumber company in Canada—is experiencing its best year for some time, and for the first eight months reported an increase in lumber manufactured of 1,494,132 ft. and in lumber sold of 1,725,237 ft. over the corresponding period of last year. The aggregate price realised was $982,006 for the eight months, an increase of nearly $200,000 over last year. The causes of these increases are the better industrial position of Canada, the rise in the price of Baltic timber, increases in trade with the U.K. under the Ottawa agreements, and probably most important of all, the operation of the N.R.A. lumber code in America, which by raising the price of American lumber has not only enabled Canada to obtain a large proportion of the U.S.'s oriental and South American markets, but despite a tariff of $4 per 1,000 ft., to export profitably to the U.S.

* * *

Imperial Tobacco

ALMOST unnoticed the common stock of Imperial Tobacco Co. of Canada has been steadily advancing in value on the Montreal Stock Exchange until it is now within a fraction of a point of equalling its high point during the last bull market. At mid-week the stock was selling at 11¼. This compares with its all-time high record of 11½ set up in 1929. This is an accomplishment probably unequalled by any other listed stock on the Canadian exchanges. As far as can be ascertained there have been no unusual developments in connection with the company's operations to cause the bidding to reach such a high point. Recent figures on cigarette and tobacco consumption have been favorable. Expectations are that earnings this year will compare well with 1932 and cover dividend requirements by a fair margin. The buying would seem to be on investment account.

* * *

Canadian Celanese

FOR a short time the common stock of this company occupied the centre of trading interest on the Montreal Stock Exchange. Talk of increasing sales and higher earnings and the proposal to wipe out the arrears of dividends on the preferred stock, drew a speculative following to the stock. Opposition to the plan developed in several quarters and directors decided to withdraw it, so that possibility of a dividend on the common stock is deferred for the future. Since then the common stock has been allowed to drift and market interest has quieted down. The position of the company, on the other hand, is just as good as when the stock was selling at better than 30—current sales are at 22—reports being that sales and earnings are on a better basis than in 1932.

* * *

Steel of Canada

THOUGH neither the preferred or common stocks of this company come in for speculative attention among stock traders, the former security has received good support in recent months. It is now selling at 31, at which level the yield on the stock is around 5.60 per cent compared with 7 per cent at the par value of $25. Last year the company earned 84 cents a share on the preferred stock. From current reports it would appear that earnings will not be as large as in 1932. The cash position of the company continues to be outstanding and there are no indications of the directors changing their policy in respect to the preferred dividend. Prospects for increased business are dependent upon many factors. The company is in a good position, however, to realize upon any change in the business situation and it would not require much change in the volume of its orders to bring net earnings up to the point where they would cover the preferred dividend.

Becomes Manager

A. H. SMITH
Formerly with Nesbitt, Thomson & Co., Ltd., as a director of the firm in charge of Ontario business, has become manager of the bond department of Aird, Macleod & Co., Toronto.

No Relaxing Of Valuations Yet Planned

From Our Own Correspondent

OTTAWA.—The ruling of the Tariff Board that arbitrary valuations imposed on goods entering Canada under the British Preferential tariff are null and void, will not be put into effect by the National Revenue department for some time.

The Tariff Board ruling was made on an appeal involving the arbitrary valuation on jute twines. The Doone Twine Co., of Kitchener, Ont., is definitely reported to have lodged an appeal from this ruling with the Privy Council.

60-Day Delay

Under the Customs Act a period of 60 days from the date of the decision is allowed for the filing of appeals. It is not expected that the government will consider the Doone appeal until after this period has expired, or until early in January.

Meantime the National Revenue department will continue to enforce all arbitrary valuations now imposed on British goods.

MacKINNON STEEL CORPORATION LIMITED

BOARD OF DIRECTORS

D. H. McDougall, Pres. — J. L. McSweeney, Vice-Pres.
J. B. Woodyatt — John Irwin — H. W. Welsh
Hon. Walter G. Mitchell, K.C. — T. M. Hutchison

REPORT and STATEMENT

To the Shareholders:—

Your Directors submit the Report of the Company together with Balance Sheet and Profit and Loss Account for the twelve months period ended July 31, 1933.

The Company's plant and equipment have been maintained in good condition during the year.

Manufacturing Supplies on hand are suitable for the Company's requirements and the Inventories have been valued at current prices.

The Company's books have been audited and the certificate of Messrs. Price, Waterhouse and Co., the Company's auditors, appears in the financial statement.

Owing to the general reduction in the Canadian Building Industry, the Company's business activities were restricted to a very low level during the year. The staff organization was maintained and estimates and plans were prepared for a number of industrial companies contemplating future developments.

A dividend at the rate of 7% was paid for the first quarter of the year. During the second quarter the rate was reduced to 3½% and Preferred Shareholders were advised that further action in regard to dividend payments would be deferred until there was an improvement in business.

The Company continues to maintain a strong liquid position. During the year $35,000 par value of the Preferred stock was purchased and redeemed.

The Directors wish to express their appreciation of the cooperation and loyal support given by the officers and employees of the Company.

By order of the Board of Directors.
(Signed) D. H. McDOUGALL, President.

November 4th, 1933.

COMPARATIVE BALANCE SHEET
July 31, 1932 and July 31, 1933

ASSETS

	July 31, 1932	July 31, 1933
Current Assets:		
Inventories of Raw Materials, Supplies and Work in Process, less Reserve	$ 23,494.71	$ 18,318.51
Accounts Receivable, less reserve for doubtful accounts	29,224.55	13,877.25
Cash on hand and Call Loan	205,731.22	146,384.08
Province of Quebec Bonds, at cost	....	19,550.00
	$258,450.48	$198,129.84
Deferred Payments Receivable on Land Sold: (Receivable in annual instalments over eight years with interest at six per cent)	9,000.00	8,000.00
Prepaid Taxes and Insurance	668.72	954.32
Property Assets: Land, Buildings, Plant and Machinery	453,811.28	453,811.28
	$721,930.48	$660,895.44

LIABILITIES

	July 31, 1932	July 31, 1933
Current Liabilities:		
Accounts Payable, including Reserve for Income Tax	$ 5,293.18	$ 2,456.89
Reserves:		
For Depreciation	$ 74,000.00	$ 86,000.00
For Preferred Stock Redemption	4,346.87	4,346.87
	$ 78,346.87	$ 90,346.87
Preferred Stock: 7% Cumulative Redeemable Convertible Sinking Fund First Preferred Stock, Redeemable at 110 on 30 days' notice: Authorized—10,000 Shares of $100.00 each. 1,000,000.00		
Issued — 6,000 Shares of $100.00 each.	600,000.00	600,000.00
Less: Redeemed and Cancelled	90,000.00	125,000.00
	$510,000.00	$475,000.00
Common Stock and Surplus: Capital Surplus— Balance at July 31, 1933	$ 77,247.61	$ 77,247.61
Surplus arising from Redemption of Preferred Stock at a Discount	8,988.75	$ 23,988.75
Less: Transferred to Reserve for Depreciation	....	12,000.00
	$ 8,988.75	$ 11,988.75
	$ 86,236.36	$ 89,236.36
Profit and Loss, Balance as per statement attached	42,054.07	3,855.62
	$128,290.43	$ 93,091.98
Represented by 11,000 Common Shares without nominal or par value, out of a total authorized issue of 40,000 shares. NOTE:—9,600 of the unissued shares are applicable to the conversion of the outstanding Preferred Stock. Dividends on Preferred Stock are in arrears to the extent of $4.37½ per share.		
	$721,930.48	$660,895.44

D. H. McDOUGALL, Director.
J. L. McSWEENEY, Director.

AUDITORS' REPORT

Audited and verified in accordance with our report dated November 4, 1933
PRICE, WATERHOUSE & CO., Auditors.

COMPARATIVE STATEMENT OF PROFIT AND LOSS
For the Years Ended July 31, 1932 and 1933.

	Year ended July 31, 1932	Year ended July 31, 1933
Balance of Profit from operations, after deduction of Income Tax	$29,959.72(a)	$25,073.45
Deduct: Depreciation on Plant, Machinery, etc.	14,000.00	(b)
	$ 15,959.72	$ 25,073.45
Add: Balance of Profits from previous year	53,143.80	42,054.07
Amount transferred from Operating Reserve	10,000.00	—
	$ 79,103.52	$ 16,980.62
Deduct: Dividends Paid on Preferred Stock	36,750.00	13,125.00
Adjustment in Income Tax of Previous year	299.45	—
	$ 37,049.45	$ 13,125.00
Balance carried forward	$ 42,054.07	$ 3,855.62

(a) Loss.
(b) Depreciation provided for by transfer of $12,000.00, from surplus arising from redemption of Preferred stock at a discount.

The Financial Post

Member Audit Bureau of Circulations

President—JOHN BAYNE MACLEAN
Vice-President—HORACE T. HUNTER
Editor—FLOYD S. CHALMERS
Business Manager—D. M. GOWDY

A weekly newspaper, presenting in a popular manner, reliable information respecting investments, business and national affairs in Canada.

The Financial Post Has the Largest Paid Circulation of Any Canadian Financial Paper.

The detailed circulation statement we submit is the sworn finding of the Audit Bureau of Circulations, the recognized independent authority. THE FINANCIAL POST is the only Canadian financial paper submitting its circulation to the A.B.C. inspection.

ADVERTISING RATES

Single Insertion—$3.65 per inch.
Debenture and Dividend Notices—26c. per agate line.
Contract rates upon request.

SUBSCRIPTION PRICE

Canada, United States, Mexico, British Empire, $5.00 per year; all other countries, $6.00.

Published by
THE MACLEAN PUBLISHING CO. LIMITED
481 University Ave., Toronto 2

MONTREAL, Southam Building, Murray R. Chipman, Eastern Manager; John E. Langdon, Eastern Editor, GT. BRITAIN, London, The MacLean Co. of Great Britain, Ltd., 2, 3 and 4 Cockspur St., London, S.W. 1, E. J. Dodd, Director, Telegraphic address Atabek, Lesquare, London.

THE FINANCIAL POST BUSINESS YEAR BOOK. Yearly, $2.
THE FINANCIAL POST SURVEY OF CORPORATE SECURITIES. Yearly, $2.
THE FINANCIAL POST SURVEY OF MINES. Yearly $2.
THE FINANCIAL POST RECORD OF PROSPECTUSES. Half yearly, $7 per volume.
THE FINANCIAL POST CORPORATION SERVICE. $20 monthly. Special prices for selected part service.
DIRECTORY OF CANADIAN DIRECTORS AND OFFICIALS. Yearly, $10.

TORONTO, NOVEMBER 18, 1933

SMALL CAPITALISTS

ALTHOUGH it has been stated again and again, there seems to be little general realization of who the capitalists in this country really are. In numerous cases where municipalities have gone into default, complaints are heard from ill-informed local politicians and radicals that political freedom should not be sacrified at the behest of capitalist creditors.

When a municipality goes into default on its bonds it affects institutions like insurance companies, banks and trust companies who are holding the securities. It also affects small bondholders, investors who have been sufficiently thrifty to have accumulated excess earnings. But it is not generally understood that the seemingly large creditors, such as the insurance companies, banks and trust companies represent many more small creditors.

Some worries have been caused in Edmonton because the city's sinking fund holds $1,382,000 in defaulted bonds of municipalities in the border cities areas of Ontario. Perhaps these bonds will be re-established in good standing. But if they are not the taxpayers of Edmonton will suffer the loss. In the same way the Canadian banks represent millions of small depositors. Life insurance companies make their investments for myriads of small policyholders. Trust companies represent a legion of small depositors and debentureholders. And then there is the multitude of small estates, widows' and orphans' legacies.

It should be remembered by thinking Canadians that every time there is an outcry against pandering to the big capitalists and paying debts, it is really a protest against meeting the debts due tens of thousands of Canadians who have small bank accounts, moderate individual equities in insurance contracts, or small legacies. Large institutions merely represent these small capitalists, who, in bulk, are by far the largest lenders in the country, and the backbone of our financial system.

Some candid remarks on the "small savers" of Britain were recently made by Rt. Hon. Walter Runciman. Being pertinent, they may well be quoted:

> "We are the envy of most other countries in that our wealth is so well spread. I have heard it said that one of the reasons why we are so stable while other governments are tottering and falling is due to the national spirit. There is something more than the national spirit in these figures. There is abstinence from waste; there is the accumulation of savings, piled up from small beginnings to larger and larger, until now there is a great buffer between the democracy of this country and abject poverty. There is very little doubt that we need have no fear of this country being swept away in a wave of Bolshevism.
>
> "The best of replies to the political movement which has attacked Europe from the East, and which, in other circumstances, might have spread to the West, is to be found in the possessions of this people, stored up in every class of the community, every village and town in the country. They will not run any undue risks. I do not know what political view they will express at the polls, but they would not tolerate for a week a government which did not respect their possessions. That, indeed, is one of the greatest assurances we can have for the future."

FARM PRICES AND PACKERS' PROFITS

DONALD BUCHANAN, son of the Lethbridge publisher, writes an article in The Weekly Sun, Toronto, objecting to the spread between the price the farmer receives for cattle and the price the consumer pays for meat.

He quotes a typical figure. In 1932 the producer received 4.66 cents a pound for bacon hogs. The packer received 13.37 cents a pound for unsliced bacon. This meant that the packer's margin was about twice as much as the price received by the farmer. The retailer received 19 cents a pound for unsliced bacon. The retailer's spread again was larger than that of the farmer.

He states, "It is evident that processing and distribution took most of the money the consumer spent on meat." He blames the high costs of the packing plant on "over-expansion during and after the war in abattoir equipment and over-capitalization, the heavy bond issues the charges on which must be made in these years of depressed prices."

There are some obvious holes in this argument. To compare the price of live hogs on the hoof, animals which contain a vast amount of waste material and which have not gone through the slightest degree of processing, with cured bacon produced from a portion only of the hog is rather unconvincing.

The largest packing company in Canada is Canada Packers Limited. Their annual report for March, 1933, showed a profit per pound of products sold of ⅛ cent. This was 1.3 per cent of the total sales of the company. This is close to the average for good and bad years taken together. There is a big difference between ⅛ cent per pound net profit and the large spread shown in The Weekly Sun article.

As a matter of fact, Canada Packers Limited paid for livestock over 76 per cent of the total amount which was taken in in sales. Total operating expense and profits amounted to 23½ per cent. The farmer got three times as much as wage earners, material suppliers, executives, bondholders and shareholders put together.

This is quite a different story from the implication in The Weekly Sun article that the packing company gets twice as much as the farmer.

Perhaps it will be argued that 23½ per cent is too much for the packing companies to retain for materials, expense and profit out of the wholesale dollar. In normal years the packer's percentage is less. The cost of wages, materials, etc., is much more rigid than either retail prices of meat or the price for farm products. As prices improve the percentage received by the farmer will be higher. Normally, it is well over 80 per cent.

As a matter of fact, as the farmer improves his product or as by other methods the selling price is increased, practically 98 per cent of the gross difference in price goes back to the farmer. Readers of The Weekly Sun might be interested in having their paper bring out some of these facts along with the others.

A LAW TO BE REPEALED

WORD has gone out from the Department of National Revenue at Ottawa, that attempts to enforce the collection of income tax from non-resident exporters to Canada have been suspended, due to "some legal questions which have arisen and which are under consideration."

Less than a month ago The Financial Post published a leading article bringing to light this most unfair impost. It was shown that the tax ran counter to all accepted rules of international trade, and it was urged that such a policy was obviously shortsighted for Canada, since it aroused bitterness and protest from thousands of business firms in British and foreign countries—in short, invoked unnecessary illwill in the very countries where Canada is most anxious to build goodwill and find a market for the many products we have to sell. Subsequent articles quoted expert legal opinion as to the inequity of the tax, and expressed the opinion that it was doubtful if any court of law would uphold it.

Apparently the department has taken cognizance of these and other representations that have been made and has decided to let this section of our income tax law lie dormant. This will be no new experience for this particular statute for although it has been a law of the land for nearly ten years, no government has ever attempted to enforce it until the fiasco of the past few weeks.

If Canada would be a great export nation and have friendly business relations with business men in British and foreign countries, that statute should be repealed at the next session of parliament and no further attempt should be made to repair or recreate a tax device which has been eschewed by the chief trading nations of the world.

Just how the tax found its way on to our statute books is somewhat of a mystery. After the unpleasant experience of the past few weeks the government will be well advised to remove the offending member as quickly as possible.

ONTARIO'S SURPLUS

PROVINCE of Ontario has apparently had a wonderful financial year. Hon. George S. Henry, premier, expects a surplus of $150,000 to be shown despite the budget estimate of a deficit of $2,932,000. It will be some time, of course, before complete figures will be available for analysis of the methods by which the surplus was reached.

Revenue is reported $2,450,000 higher than anticipated for this year. Whether reserves will be tapped to augment income, as has been done in previous years, cannot yet be told. Some $660,000 in expenditure has been cut from a budget of $53,000,000, hardly a substantial proportionate saving. It would be a creditable performance if the taxpayers of the province were to be given the benefit of the supposed improvement in finances.

Announcement of a relief and works programme of $38,000,000 has a transparent political meaning, even if some of the works would have been undertaken in any event. From this programme, it is clear that taxpayers are not going to be relieved materially.

The preliminary statement of the provincial treasurer will be issued in December, and may show if special and extraordinary income has been used to create the surplus and will show what current items of expenditure have been deferred. In the meantime the announcement of an excess of revenue over expenditure has been received with a satisfaction tinged with some scepticism. Critical analysts want to see the complete figures; taxpayers want to see what relief is going to be extended to them.

CURRENCY WEAPON IS FALLACIOUS

THE essential factor in the competitive war of currency deflation depreciation that has been going on more or less continuously since the depression started and which the most recent Roosevelt moves threaten to intensify is the belief that a depreciated currency is advantageous because it stimulates exports and contracts imports. But there is much of fallacy in this idea.

The country that invokes currency depreciation to undersell its competitors in the world markets is simply selling its goods at less than they are worth. Exporters may not lose immediately by the process because through the depreciated currency they are given a subsidy. But the subsidy is not paid by the purchasers of the goods. It is paid by other elements in the exporting country. Those who pay the major portion of it are wage earners, whose incomes are reduced in purchasing power at home, investors, whose capital assets are effectively depreciated, and, of course, all those who directly or indirectly must have imported goods if they are to live or carry on their business.

Thus, a currency depreciation simply brings about a redistribution of wealth at home. More important is the fact, recently referred to in the National Sphere of Washington, that what actually happens is that the nation is exporting its wealth without bringing in other real wealth that is truly compensatory. The net result is a gradual deterioration of the national economy.

AUSTRALIAN PUBLIC FINANCES

MORE complete data from the budget of the Australian federal treasurer presented to the House of Representatives on October 4 last have now reached Canada. The reductions in taxation that have been granted to the citizens of Australia for the coming year will undoubtedly cause envy to rise in the hearts of Canadians.

For the past fiscal year the Commonwealth showed a surplus of £3,500,000 to add to the previous year's surplus of £1,300,000. The treasurer announced that the ministry proposed "to apply these surpluses to relieve industry, to assist in keeping down the cost of living, to reduce interest and to alleviate to some extent the other burdens of the people."

The ministry set out to reduce taxes so that these ends might be accomplished. Corporation and personal income taxes, as well as the land tax and the entertainment tax were reduced; the sales tax was cut by one per cent; and a large number of new exemptions were provided for; there were substantial reductions in tariff. The total reduction in taxation, direct and indirect, was estimated at £7,500,000.

In addition some slight increase in expenditures was provided for particularly in old age and invalid pensions and in soldiers pensions.

The Commonwealth budgeted for a deficit and it made no particular attempt to look after the accumulated deficits of previous years amounting to $17,200,000. Business opinion in Australia is that the budget reflects great credit upon the Government; that it is a courageous effort to take advantage of the improvement already made in Australian affairs and that it should reduce the cost of living and stimulate trade generally. Disappointment is expressed that governmental expenditures should have been increased rather than further reduced and that no action was taken toward reducing the accumulated past deficit.

Various state governments also have been improving their financial positions. Each state is given a maximum deficit which it must not exceed, the deficit being arrived at by conferences of the federal and state governments following the premiers' economy plan of June, 1931. State governments for 1932-1933 showed a combined deficit of £8,600,000 as against a deficit of £18,400,000 for the previous year.

Australia's crisis in governmental finance came early. It had to be met at an early stage of the depression which perhaps explains why Australia is showing such a substantial recovery today.

NOT A NOM DE PLUME

THE New Westminster British Columbian refers to a recent article in The Post and makes a shrewd guess that the "W. H. M." who wrote it was "Billy" Moore. But why waste time guessing? The article was not signed "W. H. M." but with the full name of the author, "William Henry Moore."

EDITORIAL NOTES

A cable from London to the New York Herald-Tribune speaks of British manufacturers' gratification over "the movements of Canadian opinion against protection."

* * *

That economist who announces when the next depression is coming would be better engaged in telling us when this one will end.

* * *

Neville Chamberlain says: "The general policy of the government is to retain the independence of sterling." The Macmillan report recommends a central bank to be one of a chain of Empire central banks. What about the independence of the Canadian dollar?

Post-Scripts

WHOEVER was responsible for publication of the Macmillan report on a Monday knew something about daily newspaper work. Monday morning is traditionally an off day for news, excepting on the sporting pages. Cabinets usually are not meeting on Saturday or Sunday, the courts are closed, city halls are quiet. Sometimes the papers have to go in for the virtual manufacture of stories. We do not imply that they hoax their readers. But a good story can be created, for instance, by adding together all the automobile crashes on the highways of a province over the week-end and putting dispatches about all of them under one heading.

The Macmillan report was ready for publication several days before it came out. But the bankers apparently did not want it to come out only a day or two before the annual meeting of the Canadian Bankers' Association and obviously it would not have been quite the right thing to have issued it on the day of their meeting and thus to have stolen the space their own speeches got. So Monday last became the earliest possible date of publication. Releasing the report for publication on that day probably meant that the report averaged two or three columns more per paper than could otherwise have been spared for it.

* * *

DOWN in New Zealand they are having a foretaste of the argument that is likely to develop in Parliament when the Bank Act comes up for revision. In that country, too, a recommendation was made for a Central Bank. Again, just as in our Macmillan report, it was argued that a central bank would help to round out a chain of Empire central banks to work in close co-operation with the Bank of England and give the Empire some sort of unified monetary policy.

To a great many people in New Zealand that sounded a little menacing. They were not particularly anxious to have New Zealand come under the domination of Threadneedle Street. They wanted the Dominion to retain a larger measure of independence in its financial affairs.

Australia and South Africa have central banks. India and New Zealand have them in process of formation. Canada is now asked to provide the final cog for the mechanism. But in each Dominion the question is asked, "who is to run the machine?"

Sayings of the Week

"We want a Big Navy."—*Baron Beaverbrook.*

* * *

"Anything which is complicated is wrong."—*Sir Henri Deterding.*

* * *

"A rational system of education is still a dream of the future."—*Dean Inge.*

* * *

"Unless I can get adventure, I don't want to live." —*Amy Johnson Mollison.*

* * *

"We insist upon 'educating' too many people, and heaven knows what for."—*T. S. Eliot.*

* * *

"The weight-carriers of the nation are the men between 30 and 50."—*Sir Ernest J. P. Benn.*

* * *

"The United States today is virtually under a dictatorship."—*Rt. Hon. Stanley Baldwin.*

* * *

"You can't scold people into agreeing with you, or exhort them into liking you."—*John Erskine.*

* * *

"In the United States they are putting their faith in a man and not in institutions."—*Sir John Simon.*

* * *

"We must not think too well of atoms at the expense of thinking too ill of men."—*Newton D. Baker.*

* * *

"We are moving toward a time when, in deed and in truth, the public good will come first."—*Gifford Pinchot.*

* * *

"Every company needs the energy and enthusiasm of young men, as well as the wisdom of older men."—*Herbert N. Casson.*

* * *

"It is a good idea to try to help other people, particularly when you have troubles of your own."—*Grand Duchess Marie.*

* * *

"Canadians have a positive passion for imparting information."—*Sir Charles Addis, member of the Royal Banking Commission.*

* * *

"The nations of Europe today are not a league. Each is guarding his own backyard lest his bone be stolen."—*David Lloyd George.*

* * *

"I am not at all sure that Canada may not before many years are over become the economic centre of the British Empire."—*Lord Macmillan.*

* * *

"Currency is like the circulation of the blood. If you have too much you have apoplexy while too little blood results in anaemia."—*Sir Robert Horne.*

* * *

"It takes a long time to get a new idea through the minds of people, and when you do it is no longer true. The truth changes."—*Clarence Darrow.*

* * *

"It has been the habit of politicians to treat the people as fools; perhaps the time has now come to prove that we are not."—*Nicolas Murray Butler.*

* * *

"I have never known any man to make a profit by being the first one off the train, yet men continue to fight for this privilege as if their lives depended on it."—*Bruce Barton.*

* * *

"I learned from the evidence (before the Banking Commission) that there was a general desire that interest on overdrafts should be reduced. That is a great link of Empire."—*Lord Macmillan.*

* * *

"As Canadian bankers under the new régime are to take their orders from the political authority no doubt the losses will be borne by the State, that is by the taxpayer."—*E. R. Peacock, Canadian born London financier.*

* * *

"No one would say that a Congressional investigation is for the purpose of finding out anything. Its purpose is to gain newspaper publicity for statements under the protection of Congressional privilege."—*Colonel Robt. R. McCormick, editor and publisher of the Chicago Times.*

* * *

No Signs of Swing-Back To Hoover Republicanism

Post-Election Interpretation of United States Voting Results Indicates Socialists Were Rebuked

By M. M. WILNER

WASHINGTON.—Back in 1893 there was in the United States a first election following a national contest which had ousted the long-dominant Republican party from power and seated a Democratic President in the person of Grover Cleveland. The voting in 1893, while only for minor city and state candidates, revealed very plainly that the usual Republicans who had been converted from their party allegiance sufficiently to put the Democrats in office the year before already had repented. The turn of the tide which began then gained such volume that the Republicans were not again ousted until the election of Woodrow Wilson in 1912.

There were some old heads who predicted that the 1933 election, as another first test after a big Democratic victory, would develop much the same character as did the vote 40 years earlier. The reasoning, of course, was that the Democratic victory in 1932 drew its deciding weight from citizens previously accustomed to vote Republican and that a few months of experience would have satisfied most of these that they had made a mistake.

No Reversal This Time

The only purpose in noting this partisan aspect of United States Government in a review of the recent election for a business paper is to point out that the expected reversal of popular thought did not occur. That is significant, for, whether one holds to one school or another of political thought to be right, business calculations need to consider which is likely to prevail during the next year or two. This is particularly true when partisan division takes opposite views on such governmental policies as are expressed by the national recovery acts and the attempt to substitute a managed dollar for the gold standard.

Well, the judgment might as well be accepted on all sides that, so far as the voting in 1933 indicated, the underlying popular thought has no disposition to return to the Republicanism of the long-established Hoover standard, at least. There is no reason to expect that results will be interpreted by President Roosevelt as a warning that he should banish his left-wing advisers and listen more earnestly to the right wing, toward which his lifelong associations and pre-election commitments naturally attach him.

Interpreting New York

It is true that the most conspicuous of all the elections broke a Democratic power in New York City which had been unassailable for a generation. This was such an outcome as deserves a place in history only a step below that of a national election. The successful candidate for mayor classes himself as a Republican and received virtually the solid support of the Republicans of the metropolis, though dependent for a majority on the Democrats and others who made him the head of a fusion ticket. The Roosevelt administration, on the other hand, despite formal disavowals, was committed in the popular mind to the independent candidacy of Joseph V. McKee.

Here is a basis for the easy assumption that the Roosevelt administration has been rebuked and would be wise to shift its ground, but that would be a delusion resting on surface appearances only. The fact is that the successful Republican, LaGuardia, has a Socialist record, worked mainly with the Progressives in Congress and opposed most of the conservative measures of President Hoover, while Mr. McKee had published himself as a strong opponent of Socialism. The issue between the drift toward and the resistance to Socialism probably developed more bitterness in the New York debate between LaGuardia and McKee than did any question of local reform. Mr. McKee openly called LaGuardia a "Red" and accused him of "being an enemy to the present organized society" and of "seeking its destruction." Mr. LaGuardia's counter was the effort to represent McKee's attacks on Socialism as a reflection of religious and racial prejudice. With both of these candidates denouncing Tammany Hall, the difference between them was principally on this Socialistic line.

So far as New York is concerned, therefore, the Left influences at Washington have ample warrant for insisting that the President go their way and that he was rebuked only to the extent that the administration appeared to be backing the right wing.

Want New Parties

Outside New York, moreover, several cities of long-standing Republicanism, such as Philadelphia, Pittsburgh, Buffalo and Rochester, elected Democratic mayors in some cases directly on the N.R.A. appeal. In Cleveland a Democrat was chosen to replace a Republican. In general the disposition appeared to be to vote out those who already were in, regardless of party. That may offer further ammunition for arguments that the people want new parties.

The abstract Socialist doctrine, nevertheless, received an emphatic setback in the rejection of propositions for the acquisition of municipal lighting plants by five out of the six cities tested.

Inasmuch as the Roosevelt administration, so far, has been guided more by its advisers than by personal convictions worked out by the President himself, the extent to which the more radical elements will try to move him may determine most of the measures of Government during the coming months. When the first blanket code under the N.R.A. was drafted at Washington, it included provisions for a 32-hour week, a minimum wage of 45 cents an hour and a boycott to enforce compliance upon any who should hold back. This information was obtained from a business man, sympathetic with the movement, who had a part in getting the ideas of the professors and welfare workers down to a more practical economic basis. Those propositions, however, represent the kind of amendments to the codes which are likely to be urged if the radicals feel too much encouraged. It is patent to all now that Mr. Roosevelt has been drawn into a monetary policy which makes the proposals of the late Mr. Bryan for the free coinage of silver at 16 to 1 look conservative by comparison.

Avoid Socialist Debates

The country has been hearing Secretary Ickes declaim that "rugged individualism has become a museum piece." It has heard from Dr. Tugwell and Prof. Berle assertions which have drawn the attention of the London Times sufficiently to win the comment that they are the most surprising declarations emanating from the United States since 1776.

Observers must remember, however, the farther radical expression goes, the more likely it is to alarm the President into seeking more conservative advice, and, in any case, the more certain it will be to draw out argument and to develop a popular understanding. So far, the palpable effort of the general run of citizens in the United States has been to avoid discussion of the Socialistic subjects. Where one side wishes that there be no talk at all and the other prefers to talk to itself only, real enlightenment on a question of Government hardly can be said to have begun.

Other People's Views

The U. S. Buys Gold

Christian Science Monitor.—One wonders what other nations will do now. If the R. F. C. can buy gold and foreign money in order to depreciate currency, then foreigners can do the same, and the result would be a race in competitive depreciation which could end only in making currencies worthless. The risks are so many that another effort to make monetary peace with the world might have been made.

Charge Without Foundation

Edmonton Journal.—The federal member for Battle River, Mr. Spencer, is reported to have made the charge in an address at Marwayne that "Canada has lost over $200,000,000 of export trade through the mistaken policy of the Ottawa agreements." There is nothing whatever to support such a statement. Figures supplied by the United States chamber of commerce were published the other day which showed that our trade loss had been less in the course of the depression than the world average. Confirmation of this has since come in the annual report of James G. Parmelee, Canadian deputy minister of trade and commerce.

C. C. F. and the Merchant

Winnipeg Free Press.—As Capitalism is a term which includes every form of private enterprise, small as well as large, the Socialist objective, as explained by Mr. Cole and as avowed by the C.C.F., leaves no place in the ultimate scheme of things for the small tradesman, or builder, or supplier of services, or farmer. They may be tolerated for a period, but their "liquidation" in due course is provided for in the programme.

British Films the Best

London Daily Mail.—Under the shelter of the quota, the British film industry has improved so tremendously that it has ceased to rely upon the quota. It is succeeding upon its own merits, and has long since passed that severe trial, the box office test, with flying colors. For the next two years the proportion of British films required in home cinemas will be 15 per cent, but, as reported in another column, the number being shown is already two and a half times the proportion demanded by the Cinematograph Film Act.

Decline and Fall of War Debts

New York Herald-Tribune.—Our debtors are simply not paying their debts and their publics have become so used to the idea that the failure to budget for such payments no longer arouses any comment. We are receiving nothing and we have become so used to that idea that the added strain upon our taxpayers (in itself infinitesimal compared to the enormous public financing of today) is not even noticed. One cannot fail, indeed, to be struck by the relative ease—so much greater than might reasonably have been expected—with which the publics trained up to the post-war "settlements" are adjusting themselves to the changes imposed by the hard course of subsequent events. Time and other sorts of troubles have worked more rapidly than one could have guessed from the impassioned debates of only a few years ago.

"Made in Germany"

Business Week.—Uncle Sam is getting fussily insistent upon goods of domestic manufacture. The government was in the market recently for 50,000 letter-openers. The successful bidder was bound to deliver an article identical with the sample. When the first 25,000 arrived, they were found to be stamped "Made in Germany." But so was the sample, it turned out. Nobody had noticed. Great chagrin. But Providence sees to it that poetic justice is done—now and then. The successful bidder was a Jew.

Hocus Pocus

The Econostat, New York.—The movement (Washington's new gold plan) is merely another grand gesture, a bit of solemn hocus pocus in the field of monetary abstractions whose capacity to deceive the public is rapidly vanishing.

Experimenting or Blundering?

Stock Exchange Gazette, London.—The U. S. A. is experimenting, or as some say, blundering. President Roosevelt is in no way dismayed, and his best asset so far has been that he retains the confidence of the nation. His most severe critics wish him well.

"Stop Me If You Have Heard This One"

Hearing his friend Pat was seriously ill, Mike went to see him. He climbed up to the little attic where Pat lived and found him looking very sick indeed.

"Cheer up, me boy!" said Mike. "Ye'll soon be up on yer feet and 'round as usual. Ye're good for another 50 years."

Thus Mike continued to cheer his friend up. After a while he bade him a cheerful farewell. On his way out his head came in contact with the low ceiling.

"Good Lor,' Pat," he exclaimed, "How will they iver get a corpse out o' this place?"

Continued Service

A recommendation of a security to a new client is our first step in a service that will suggest a permanent business relationship.

Our 40 years of investment experience is available without obligation.

Address our nearest office.

A. E. AMES & CO.
LIMITED
Business Established 1889
TORONTO
Montreal Vancouver Victoria New York London, Eng.

Manufacturers of High-Grade
Knitted Underwear
Hosiery and Outerwear
Mills at: Paris, Brantford, London, Waterford, Ontario; Coaticook and St. Hyacinthe, Quebec.
PENMANS LIMITED
General Offices: Paris, Ontario
Penmans

T. C. E. WATT E. H. WATT F. G. VENABLES
R. W. WILSON W. L. CHRISTIE
WATT & WATT
Established 1908
Members:
Toronto Stock Exchange
Standard Stock and Mining Exchange
Winnipeg Grain Exchange
Chicago Board of Trade
New York Curb (Associate)
INDUSTRIAL and MINING STOCKS
BONDS GRAIN
Direct Wires to—Montreal, Winnipeg, New York Chicago
6 Jordan Street Toronto
ADelaide 3221

THE DOMINION BANK — ESTABLISHED 1871
OUR OFFICE . . . in New York
The Dominion Bank maintains its own Agency at 49 Wall Street, in New York's financial centre.
Foreign exchange and security transactions are undertaken, collections and remittances made.
Private telegraph wires connect the New York Office with our branches at Toronto and Montreal.
The New York accounts of Canadians are a main feature of the business conducted at this Agency, and Canadian business men are invited to use our New York facilities.
THE DOMINION BANK
ESTABLISHED 1871
HEAD OFFICE: TORONTO
370-F
BRANCHES THROUGHOUT CANADA AND OFFICES IN NEW YORK AND LONDON

IS THE RISK WORTH WHILE ?
Business conditions have made the management and conservation of estates increasingly difficult. Is it wise then to entrust this work to any but the most experienced?
Results have proved—especially during recent years—that estates handled by corporate trustees have fared considerably better than those handled by individuals. This is not strange, as it is obvious that management by an over-burdened individual would be less effective than that of a body of men whose sole business is the care and management of funds and property.
The officers of this institution are always glad to discuss with clients and prospective clients plans for the conservation of their estates.
We invite you to make use of our services.
THE ROYAL TRUST CO
EXECUTORS AND TRUSTEES
President: Sir Charles Gordon, G.B.E. Vice-Pres.: Huntly R. Drummond
General Manager: R. P. Jellett
Montreal - - 105 St. James Street
Toronto - - 59 Yonge Street
HALIFAX, SAINT JOHN, QUEBEC, OTTAWA, HAMILTON, WINNIPEG, CALGARY, EDMONTON, VANCOUVER, VICTORIA, ST. JOHN'S, NFLD., LONDON, ENGLAND
ASSETS UNDER ADMINISTRATION EXCEED $626,000,000

WHAT IS LUBRICATION COSTING YOU?

"Price-per-gallon!" that's only *part* of the cost of lubricating an industrial plant!

Hidden away — perhaps swelling other operating expenses — may be any or all of the following losses caused by improper lubrication:

1. *Wasteful consumption of lubricants.*
2. *Time and production losses caused by avoidable breakdowns.*
3. *Repair bills for damaged machines.*
4. *Too rapid depreciation of equipment.*
5. *Power waste.*

Quality lubricants are the most economical, when figured on a cost-per-year basis, and they are doubly economical in reducing indirect losses in plant operation.

Imperial Industrial Lubricants are specially processed to meet the exact requirements of the machines and equipment for which they are scientifically recommended. They are promoting economy and efficiency in most Canadian industries. It will be worth your while to let us show you how these better oils and greases can save you money, too. Write to your nearest Imperial Oil branch office.

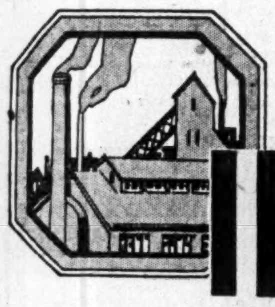
SAVINGS YOU MAKE THROUGH PROPER LUBRICATION WITH IMPERIAL PRODUCTS

• • •

1. Lowered cost of lubricants.
2. Increased power.
3. Minimum production delays.
4. Minimum repair costs.
5. Less depreciation.

IMPERIAL OIL LIMITED

HALIFAX, ST. JOHN, MONTREAL, EDMONTON, TORONTO, HAMILTON, WINNIPEG, VANCOUVER, SASKATOON, REGINA, CALGARY, VICTORIA



IMPERIAL INDUSTRIAL LUBRICANTS

Business Conditions in Canada

BEET GROWERS OF LETHBRIDGE GET $400,000

Initial Payment Boosts Local Buying Power—Plan New Factory

From Our Own Correspondent

LETHBRIDGE. — Southern Alberta sugar beet growers split a $400,000 melon the first of November in the form of the initial payment for beets delivered up to Oct. 15. It was the largest payment ever made by Canadian Sugar Factories, Ltd., in its six or seven years operation in this territory.

The payment for the 92,000 tons of beets actually aggregated $460,000, but the $60,000 was retained by the company in payment for seed, planting costs, grass seed used for soil enrichment, etc. The November 1 payment went into circulation at once, giving a marked stimulus to business in this city and adjacent trading centres. Augmenting the beet payment comes at intervals the factory payroll, which during the annual run puts $150,000 in circulation.

Good Fall Conditions

Farmers had an unusually open early fall, getting in a large percentage of their beets before the stormy weather set in. At this time less than 300 acres of beets remain in the ground and all these will be recovered, although farmers have to use snow plows to clear the rows. Many beets have been siloed, that is placed in protected piles until called for by the sugar company.

The big part the sugar industry is playing in the economic life of this region is revealed in the fact that it means a million and a half dollars annually of new money put into circulation besides the utilization in livestock feeding of factory by-products. Thousands of calves and lambs are fed every winter for the domestic and overseas market, beet pulp being a basic feed item.

New Factory Planned

The Lethbridge Northern irrigation district, built and developed by the Alberta government which guaranteed its bonds, is hopeful of securing a factory unit of its own pointing to the fact that last year 2½ per cent of the cultivated land on the project seeded to sugar beets produced 25 per cent of the crop wealth of the district. Beets have proven a "life saver" during this period of depressed commodity prices and it is not surprising to find the farmers pushing their campaign for a factory with vigor.

The Lethbridge Board of Trade is backing up the farmers of this district and other interests are lending support to the farmers of the Brooks area, centre of the C. P. R. eastern irrigation block, who are also working for a factory. On his last western tour, E. W. Beatty spent a whole day in this district studying the sugar beet industry. He saw the beets dug, moved to the loading stations, thence to the factory, put through the mill and then bagged for the market. Every phase of the business was investigated by the rail executive not the least aspect being the income to the railway from the moving of beets and refined sugar. The sugar company paid last year to the C. P. R., $325,000 for hauling beets and sugar.

Local interest likewise seized the opportunity while Prime Minister Bennett was here to present the case for sugar factory extension to the federal government chief. While no statement was given out as to the reply of Mr. Bennett, committeemen stated the interview was most encouraging and it would be no surprise to see some form of federal aid given the beet farmers at the next session of parliament.

Rentals Fall Clothing Up In October

The general index of retail prices, rents and costs of services declined from 78.8 in Sept. to 77.9 for October, higher prices for fuel being more than offset by lower levels for food and rentals. An index for retail prices alone fell from 72.0 to 71.8. When foods were removed from this index it advanced from 77.7 to 77.8.

The fuel and lighting index rose from 86.3 to 87.0, due to seasonal advances for coal and coke. Wood prices declined slightly.

The rentals index fell from 84.0 to 80.4, continuing a steady decline since May, 1930. The decline in working men's dwellings was 5.4 per cent, while that for medium grade dwellings was 2.7 per cent. In both types of dwellings the decline was sharper for houses than for apartments.

The index for clothing has been revised back to September in order to indicate an upward movement, from 66.1 to 69.9. This marks the first break in a steady decline which had persisted since the end of 1928. All three sub-groups contributed to the rise, although increases were more marked for women's clothing, and for materials by the yard, than for men's apparel.

An advance in the prices of furniture and certain household effects for September made necessary an upward revision in the index of miscellaneous items from 93.9 to 94.0. The two sub-group index changes were as follows: Furniture from 81.4 to 82.2, and household effects from 79.1 to 79.7.

Business Briefs

Fall plowing in the Saskatoon district of Saskatchewan has been carried on this season without any reduction in acreage.

Apple evaporating plants in Nova Scotia are operating at full capacity and have booked orders for export that will assure operations on this scale until December 15. Apple warehouses are taxed to capacity for storage space for late varieties and shipments are going forward as rapidly as market conditions will permit. Apple growers in Ontario report good crops but unsatisfactory markets and prices.

Feeling of the agricultural community around Belleville, Ont., is definitely better and the financial position of the farmer is thereby improved according to reports. Cost of production has been so reduced that the improvement in commodity prices means a much better net return to the farmer this year, even in the face of only fair field crops.

Largest cargo of turnips and potatoes ever loaded for Boston from Prince Edward Island was shipped recently by the P. E. I. Potato Growers Association. The shipment included 25,000 bags of turnips and 5,000 bags of potatoes.

New land broken around Arbourg, Manitoba, has been increased and old land has been thoroughly cultivated in preparation for next season's crop. Acreage sown to wheat will be larger by about 15 per cent.

Inks produced in Canada during 1932 had a value of $2,153,632 as compared with $2,309,062 in 1931. Of the 24 establishments included in this industry, 17 made printer's ink and 7 produced writing ink. Production of printing and lithographing ink amounted to 7,218,257 pounds valued at $1,679,775 which compared with 7,568,426 pounds valued at $1,787,304 in 1931.

British Columbia salmon canneries had 1,110,073 cases packed up to October 7, which was 110,000 more cases than had been processed at same date in 1932 and 29,062 cases more than were canned in all of last year. The chief factor in the increase was a gain of 100 p.c. in the pack of pinks which, up to October 7, was reported at 531,000 cases as compared with 215,339 cases in the same period of 1932. The catch of sockeye was down to 255,640 cases as compared with 275,235 in the corresponding period of 1932.

Failures under the Bankruptcy Act as disclosed by the Canada Gazette for the week ending November 4, show a decrease of 13, the figures being: 1932, 39 and 1933, 26. Figures for the whole period of the year up to November 4 are: 1932, 1,802 and 1933, 1,309, a decrease of 493 or 27 per cent.

Car loadings for the week ended November 4 amounted to 50,688 cars which was an increase over the previous week's loadings of 1,186 and the index number rose from 61.83 to 64.08. Loadings in both divisions were heavier than in the previous week and also heavier than in the corresponding week last year. Although lighter than than last year, grain increased 761 cars over the previous week. There are over 130,000,000 bus. in Western elevators at present to be moved. Miscellaneous freight was 109 over the previous week's and 1,964 over last year's loadings. Coal increased by 1,900 cars over last year, lumber was heavier by 542 cars, other forest products by 605 cars, ore by 571 cars and livestock by 461. Merchandise continued below last year's by 542 cars.

Commodity Prices

	Week ending Nov. 11	Previous week	Same week last yr.
Cattle, cwt.§	$4.65	$4.80	$4.50
Copper, lb.	.08¼	.08¼	.05¼
Cotton, lb.	.1005	.0975	.0655
Rubber, lb.	.0838	.0818	.0354
Sugar, raw, lb.	.0330	.0330	.0315
Silk, lb.	1.55	1.55	1.70
Wheat (Man.) bu.°	.64⅞	.62⅞	.47¾
Hides, lb.	.10½	.10	.06½
Coffee, lb.	.07⅛	.07¼	.08

Weekly Indices

N. Y. Annalist‡	103.0	103.8	88.9
Fishers'	♦71.6	71.8	†62.0
N. Y. Journal of Comm.■	71.5	70.8	57.3
Crumps (Brit.)*	63.7	63.9	†62.4
Canada (D.B.S.)▲	83.9	88.0	72.8
U. S. Labor•	70.9	70.9	63.9

†Average, 1932. *Week to Nov. 11. ‡Week to Nov. 6. ▲Nov. 4. •Oct. 28. ♦Nov. 11. §Nov. 9. °Nov. 13. ■Nov. 11.

Monthly Indices

	Latest w'sale	Prev. month	Same month last year
Canada (D.B.S.) (October)	67.9	68.9	65.0
Retail (Oct.)	77.9	78.8	81.4
U. S. Labor (Sept.)	70.8	69.5	65.3
Gt. Brit. (Sept.)	69.5	69.2	68.9

‡Basis of price quotations is as follows: cattle—steers, good, over 1,050 lbs., top price. Toronto: copper—electrolytic, New York; silk—Japanese, 13-15, New York: sugar—96 degrees centrifugal c/f New York: wheat—No. 1 Man. North., Ft. W.-Pt. A. basis; hides—heavy native steers; coffee—Rio, No. 7, spot, New York.

PRUE COTTONS

Manufacturers of INDUSTRIAL and HOUSEHOLD Cottons in Canada for over TWENTY-FIVE YEARS

DOMINION TEXTILE Company Limited

MONTREAL TORONTO WINNIPEG VANCOUVER

J. S. Mitchell & Company LIMITED

Geo. W. Murphy — *Vice-Pres. and General Manager*

Wholesale and Retail

Shelf and Heavy Hardware, Asbestos and Galvanized Roofing, Plumbing Supplies

Specializing in Mining, Mill and Contractors Supplies

Steam Coal, Hard Coal and Coke, Electric Supplies, Sporting Goods

78-80 Wellington St. North - SHERBROOKE, QUE.

Export Demand Keeps Auto Factories Busy

Exports keep factory wheels turning in off-periods. This is very true of the Canadian automobile industry, and is partly responsible for the fact that employment in this industry at the beginning of October stood at 65.9 on the Government's index, as compared with 46.0 a year ago.

Ottawa states exports by Canadian automotive manufacturers during the first nine months of 1933 totalled 14,505 units, valued at $6,013,526, compared with 7,942 units, valued at $3,228,139, in the corresponding period of 1932.

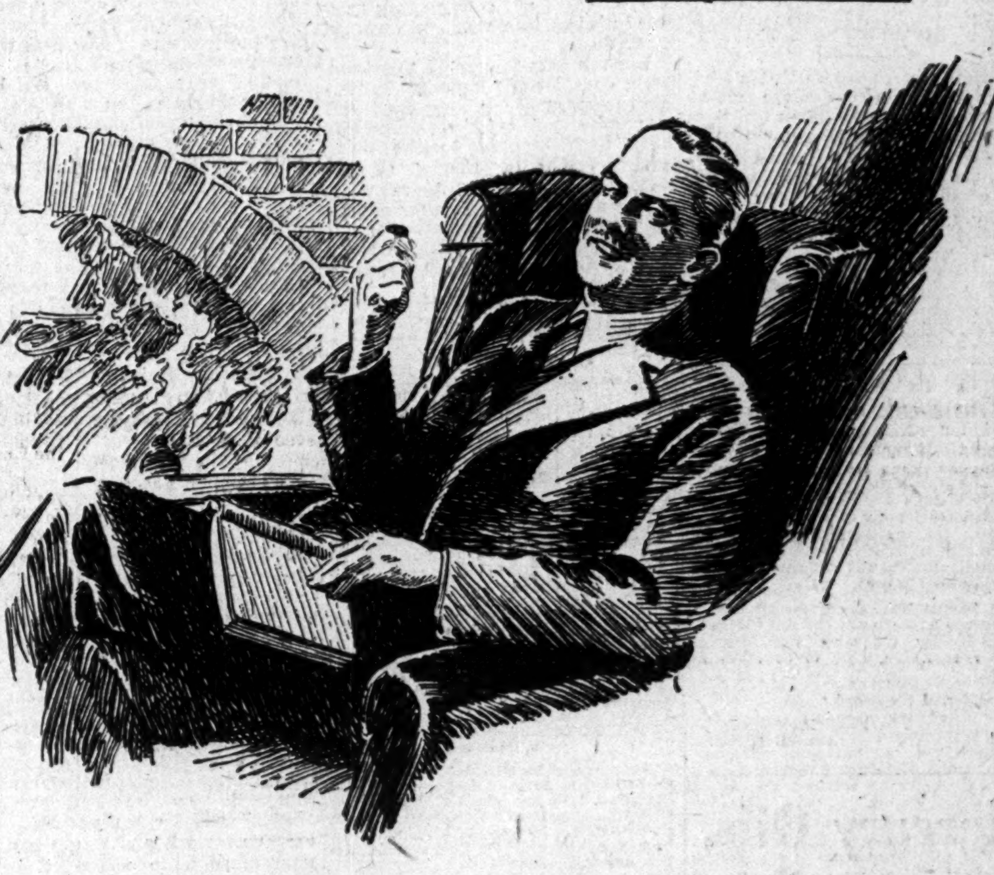
National Steel Car Corporation Limited

Builders of Passenger Cars — Freight Cars — Street Cars — Air Dump and Industrial Cars of all descriptions. Automobile Chassis Frames, Woodwork and Parts — Steel Pressings — Forgings — Drop Forgings.

HAMILTON, ONTARIO, CANADA

621 St. James Street, MONTREAL, QUE.

Thanks to Life Insurance . . . kept in force



He will get $200 a Month as long as he lives

WHEN his earning days are over—he is assured of a definite income for the rest of his life. Every month he will get a cheque for $200 to spend as he pleases. He can take things easy, travel, play, enjoy life to the full—

All because he has arranged that Life Insurance will provide for him after he has retired.

As long as he lives he will be free from work and worry—free from the uncertainties of other investments.

Some day *you* will want to quit the daily grind—and you *can*. Just decide the income you need—it may be $50 or $500 a month—and then consult a Life Insurance representative. He will tell you how simply you can ensure future independence for yourself and adequate protection for your family.

$335,000,000 PAID TO LIVING POLICYHOLDERS IN THE PAST 3 YEARS

During the past three years, living policyholders in Canada received in cash $335,000,000. And of that amount a substantial portion was paid to policyholders in the form of monthly income cheques.

Life Insurance

L-183

GUARDIAN OF CANADIAN HOMES

One of a series of messages sponsored by Life Insurance Companies

The Week in Business

Leather Jumps and Dips

NO BETTER indication of what has been happening to business both in Canada and the United States in the past few months — particularly in the "consumption" industries—can be obtained by a study of the figures of leather footwear production in Canada as published monthly by the Dominion Bureau of Statistics.

Back in April when hide prices started skyrocketing after grovelling in cellar positions in recent years, production of boots and shoes turned sharply upward. Except for a momentary pause in July the ascent continued with the result that output of boots and shoes in Canada in August reached the highest point since the figures were first compiled.

The previous high mark was 1,947,000 pairs reached in March, 1928. The August, 1933, production figure was 2,237,000 pairs which was roughly 600,000 pairs or 40 per cent above the level of the corresponding month in either 1932 or 1931.

* * *

Price Trend Dominates

AS LONG as prices were rising, the demand, (and similarly the production curve) kept on going. But when hide prices started to slip at the end of August, production sagged considerably against the usual seasonal firmness for that month. Even this decline found September production at 18 per cent above corresponding figures a year ago, but latest reports from individual factories indicate that buying has virtually disappeared in recent weeks and unless hide prices show marked firmness it would not be surprising if the production curve by December were back again within striking distance of 1932 and 1931 levels.

The picture shows clearly at least two things. First that there is obviously a very substantial latent demand for consumption goods such as shoes, which dealers and retailers are quick to capitalize if prices show a tendency to move to higher levels. Secondly how sensitive to price levels has been this type of business activity in recent months.

* * *

Some Pleasant Reading

CAR loading statistics for the 44th week of the year are comfortable reading. The Dominion Bureau index number of weekly loadings which makes adjustment for seasonal variations and holidays, rose abruptly from 61.8 to 64. The corresponding index of the same week last year was 57.6. What has happened is that the heavy seasonal movement of grain from western farms has now subsided and the improvement in business which became evident in carloading statistics during the summer has once more asserted itself. For something like six weeks during the peak of the crop movement, the 1933 loadings figures sagged behind the 1932 total because of the wide discrepancy in the size of this year's crop as compared with that of 1932. For the year to date, loadings of livestock, coal, coke, lumber, pulpwood, pulp and paper, other forest products and ore, all show good increases over the corresponding figure of 1932.

In fact the only declines are in grain, and in the movement of merchandise (l. c. l.) and miscellaneous freight. Grain loadings are easily explained, while the poor showing of merchandise and l. c. l. freight is attributed to two facts: (1) the inroads of motor truck competition and (2) because as conditions improve, the proportion of l. c. l. shipments to carload shipments will decrease and consequently merchandise figures will not improve as rapidly as carload freight. As for the "miscellaneous freight," while cumulative figures for the year are down, this grouping has currently shown much more improvement in recent weeks than l. c. l. freight. This is due, according to D. B. S. officials, to the fact that this weekly total includes many agricultural, mine and manufacturing products which have shown substantial increases and are not itemized under their proper groupings for the weekly compilation.

Coast Flour Exports

Flour exports through Vancouver for the first eight months of the present year showed an increase over the similar period of last year of 227,850 barrels.

New Industries and Plant Extensions in Canada

Compiled Weekly By The Financial Post

Reliable Manufacturing Co., Toronto, will transfer its operations to Kitchener, Ontario, and has taken over the former Malcolm-Hill furniture plant which has been vacant for over a year. The plant will be taken over on December 1 and it is believed that manufacturing will start early in 1934. The company has had a large output of upholstered furniture.

Organized by local investors a new shirt factory will soon be opened at **Elmira, Ont.**, with between 20 and 25 employees. Already 20 power machines have been installed.

The O. J. Smith Shoe Co., of St. Jacobs, Ont., is erecting a new edition to its factory, measuring 100 by 40 ft. to take care of increased production.

A toy manufacturing company, employing 20 men has recently started in **Orillia, Ont.**, using the former A. H. Oliver plant. Another new building, 75 by 50 ft. and two stories in height is being constructed. Orders already on hand will keep the factory producing at top speed until well after Christmas, it is stated

A new company which will manufacture paint under the trade name "Redferrid" has been started by local men in **Kitchener, Ont.**, R. L. Vance and H. Weinman.

Felt & Textiles of Australia Ltd. may shortly establish an industrial plant in Canada for the manufacture of felt, according to R. Faulks, manager of the company for South Africa, who was recently in Canada. Mr. Faulks has concluded an exhaustive survey of industrial sites and conditions in Canada, having stopped at all the principal cities of the Dominion from Vancouver to Montreal. No final decision as to where the plant would be located has been reached but Montreal and Toronto are considered as having decided possibilities.

Saskatchewan Co-operative Creameries plant at Moosomin, Sask., is being enlarged by the addition of a second story. Additional office space, storage room and power plant equipment are to be added as well as another churn to handle an increasing production.

Natural Sodium Products Ltd., producers of sodium sulphate, salt cake and Glaubers Salt, is planning a new addition to its plant at Dunkirk, Sask., which will cost $150,000. This work will not be undertaken until the spring of 1934. The company has recently completed $15,000 of new construction.

British American Silk Mills Ltd., Montreal, has acquired the plant in Granby, Que., formerly occupied by Manhattan Mills. The plant will be equipped with new looms, and a throwing plant to make it a complete unit.

Newlands & Co., Galt, Ont., manufacturer of knitting yarns, buffalo robes, thrown silk, etc., is erecting a three-story addition, approximately 95 ft. by 75 ft. to the present mill. Part of the new building will be used for storage and the other half will be used for the manufacture of raw silk yarns.

Kismet Co., Hamilton, has moved to larger quarters. The company manufactures bargain basement lingerie which is handled by wholesalers, chain stores and large departmental stores from coast to coast.

Walker-Wallace, Ltd., manufacturer of dairy machinery has purchased a new factory in Toronto with floor space of approximately 17,000 square feet.

Savogran Co. of Canada, has been formed in Toronto to manufacture and distribute painting accessories previously made in the United States and imported into Canada. Manufacturing operations are now underway in the plant of Aulcraft Paint Ltd., Toronto and distributing branches have been established in Montreal, Winnipeg and Vancouver.

Star Electric Fixtures Limited, manufacturer of fixtures, motors, and electric coal blowers has leased 12,000 sq. ft. of floor space in Toronto and will move to new quarters on December 1.

Imperial Varnish and Color Co., Toronto, has started work on the construction of an addition to its factory to be used in the manufacture of dry colors and paint.

Canada Packers Ltd., Toronto, has completed plans for the construction of a new hydrogen gas building, adjacent to the Toronto plant.

Canadian Business Indicators

Compiled by The Financial Post

	Weekly Latest 1933	1932	Cumulative Jan. 1 to date 1933	1932
Transportation—				
Car loadings (Nov. 4)	50,688	45,530	1,707,003	1,868,526
C. P. R. gross earn. (Nov. 7)	$ 2,416,000	$ 2,518,000	$ 94,541,000	$ 103,801,000
C. N. R. gross earn. (Nov. 7)	$ 3,166,619	$ 3,088,316	$ 121,828,631	$ 133,376,627
	Monthly			
C. P. R. net earn. (Sept.)	$ 3,003,328	$ 3,722,576	$ 9,971,451	$ 10,531,370
C. N. R. net earn. (Sept.)	$ 2,058,858	$ 2,238,945	$ 907,373	$ 2,601,829
Iron and Steel—				
Pig iron, tons (Sept.)	30,738	5,709	133,870	96,219
Steel, tons (Sept.)	38,630	23,139	266,829	257,843
Automobile prod. No. (Sept.)	5,808	2,342	56,689	53,550
Auto Vehicles—				
Passenger, sales, No. (Sept.)	2,722	2,218	36,173	35,581
Trucks & buses, sales, No. (September)	719	695	4,775	6,336
Auto. exports, No. (Sept.)	2,247	1,712	14,505	7,942
Construction—				
Building permits (Sept.)	$ 2,032,839	$ 2,449,735	$ 16,125,512	$ 35,026,199
Contracts (October)	$ 15,014,300	$ 8,875,600	$ 78,445,000	$ 118,510,400
Newsprint—				
Production, tons (Sept.)	179,416	150,691	1,448,249	1,455,348
Exports, tons (Sept.)	177,805	169,277	1,318,224	1,387,263
Sugar—				
Imports, raw, lbs. (Sept.)	48,576,000	57,911,500	423,247,900	577,764,500
Melt & ship., lbs.*	76,857,654	92,239,204	572,578,024	661,401,963
Manufactured, lbs.*	87,616,868	106,613,372	573,374,868	656,614,187
Flour—				
Production, bbls. (Sept.)	1,392,683	1,384,500	9,438,280	9,790,923
Wheat flour exp., bbls. (Oct.)	514,368	528,794	4,124,351	4,062,894
Other Industrial Indices—				
Lumbering: Plank & board exports mil ft. (Sept.)	112.04	35.45	699.18	534.89
Boots and shoes, pr. (Sept.)	2,035,525	1,723,202	15,071,463	13,940,630
Petroleum, imp., crude gal. (September)	108,097,228	76,913,048	605,947,426	721,880,179
Cotton, imp., raw, lbs. (September)	7,409,192	4,553,000	68,549,192	61,132,000
Rubber, raw, imp. lbs. (Sept.)	5,868,575	6,204,016	28,639,451	38,473,675
Coal, imports, tons (Sept.)	1,468,108	1,296,274	7,932,705	7,939,816
Gasoline sales, gals. (Aug.)	61,862,000	61,668,000	318,335,000	326,277,000
Trade—				
Imports (Sept.)	$ 38,698,416	$ 34,504,129	$ 281,104,940	$ 348,789,473
Exports (Sept.)	$ 57,784,804	$ 42,186,815	$ 359,947,004	$ 348,622,430
Wheat exports, bus. (Oct.)	23,305,510	40,192,415	151,366,940	173,181,780
Labor—				
Employment Index (Sept.)	90.4	86.7	......	......
Electric Power—Output—				
M. Kilowatt hours (Sept.)	1,489,329	1,279,136	12,523,497	11,591,426
Electric Power—Output—				
Failures, No. (September)	155	192	1,585	1,793
Failures, Liabilities (Sept.)	$ 2,344,568	$ 2,979,544	$ 26,347,327	$ 30,012,931
Bank debits (Sept.)†	$ 2,457,108	$ 2,097,931	$ 21,828,717	$ 18,926,189
Bond sales (Oct.)	$ 225,535,719	$ 101,640,105	$ 475,286,924	$ 372,234,858
Insurance sales (Sept.)	$ 25,381,000	$ 25,207,000	$ 261,117,000	$ 306,579,000
Automobile Financing—				
Used cars (September)	$ 764,400	$ 958,253	$ 8,491,244	$ 10,804,794
New cars (September)	$ 837,149	$ 938,254	$ 8,573,644	$ 11,006,906

*Four weeks period, Sept. 16 to Oct. 7. †(000's omitted). ‡Deficit.

CLASSIFIED ADVERTISEMENTS

Classified ads cost 4c. per word and figure for each insertion. Minimum ad, $1.75. Add five words when box number is required. Classified ads payable in advance.

Agencies Wanted

MANUFACTURERS' AGENCY HAVING established territories Vancouver and British Columbia requires reliable lines. B.C. Representative. Departmental, Christmas Toys and Novelties, Miners' Clothing, Shoes, Ladies' Ready-to-Wear, Hosiery. Forward Travellers Samples to Dunsmuir Agencies, 500 Dunsmuir St., Vancouver, B.C.

Meetings Reported

BE QUOTED correctly! At every gathering where it is desirable to record accurately all that has been said, let Stenotype Service take the responsibility. Mechanical shorthand is employed to ensure speedy, trustworthy verbatim reports. Conventions club gatherings, boards of directors, political associations, etc., etc., can employ this service at all meetings with assurance of satisfaction. Fees are moderate. For further information write The Stenotype Reporting Bureau, 481 University Ave., Toronto.

DIVIDEND NOTICES

BANK OF MONTREAL

Established 1817

DIVIDEND No. 282

NOTICE is hereby given that a DIVIDEND of TWO DOLLARS per share upon the paid up Capital Stock of this Institution has been declared for the current quarter, payable on and after FRIDAY, the FIRST day of DECEMBER next, to Shareholders of record at close of business on 31st October, 1933.

The Annual General Meeting of the Shareholders will be held at the Banking House of the Institution on MONDAY, the FOURTH day of DECEMBER next.

The Chair to be taken at noon.

By Order of the Board.

W. A. BOG, General Manager — JACKSON DODDS, General Manager

Montreal, 17th October, 1933.

The Canadian Bank of Commerce

Dividend No. 187

Notice is hereby given that a dividend of Two per cent in Canadian funds on the paid-up capital stock of this Bank has been declared for the quarter ending 30th November, 1933, and that the same will be payable at the Bank and its Branches on and after Friday, 1st December next, to shareholders of record at the close of business on the 31st October, 1933. The Transfer Books will not be closed.

By Order of the Board,

S. H. LOGAN,
General Manager.

Toronto, 20th October, 1933.

The Bank of Nova Scotia

DIVIDEND No. 256

Notice is hereby given that a Dividend of three per cent on the paid-up Capital Stock of this Bank has been declared for the current quarter to shareholders of record of December 16th, and that the same will be payable on and after Tuesday, the second day of January next, at any of the offices of the Bank in Canada.

By order of the Board.

J. A. McLEOD,
General Manager.

Halifax, N.S., November 7th, 1933.

The Bank of Toronto

Dividend No. 209

Notice is hereby given that a Dividend of Two and One-Half per cent upon the Paid-Up Capital Stock of this Bank has been declared for the current quarter, and the same will be payable at the Bank and its branches on and after the first day of December next, to shareholders of record on November fifteenth, 1933.

The Annual Meeting of the shareholders will be held at the Head Office of the Bank on Wednesday the seventeenth day of January next, the chair to be taken at noon.

By Order of the Board.

H. B. HENWOOD,
General Manager.

Mercury Oils, Limited

NOTICE
To Shareholders

Notice is hereby given that a dividend of four cents per share has been declared upon the Common shares of the Company, issued and outstanding, payable on January 2nd, A. D. 1934, to shareholders of record at the close of business on Thursday, November 30th, A. D. 1933.

The transfer books of the Company will be closed at 5 p.m. on Thursday, November 30th, A. D. 1933, and will be reopened on Saturday, December 30th, A. D. 1933.

By Order of the Board of Directors,

CHAS. BIGGS,
Secretary.

Transfer Office,
300 Lancaster Building,
Calgary.

The British American Oil Company Limited

Dividend Notice

NOTICE is hereby given that the regular dividend of Twenty Cents (20c.) per share has been declared on the issued No Par Value capital stock of the Company for the fourth quarter ending December 31st, 1933. The above dividend is payable in Canadian funds, January 2nd, 1934, to shareholders of record at the close of business on the 16th day of December, 1933. Transfer books will be closed from the 18th to the 30th of December, both days inclusive.

Share Warrant Holders will present Coupons Serial No. 15 to the Royal Bank of Canada, Toronto, Ontario, or the Royal Bank of Canada, Montreal, Quebec, on or after January 2nd, 1934.

By Order of the Board.

P. W. BINNS,
Secretary.

Dated at Toronto, November 13th, 1933.

DIVIDEND NUMBER 247

Hollinger Consolidated Gold Mines Limited

A regular dividend of 1% has been declared on the Capital Stock of the Company, payable on the 2nd day of December, 1933, on which date cheques will be mailed to shareholders of record at the close of business on the 17th day of November, 1933.

Dated the 10th day of November, 1933.

I. McIVOR,
Assistant-Treasurer.

CANADA NORTHERN OPENING NEW AREA NORTHERN QUEBEC

Subsidiary Building Line from Noranda to Cadillac

From Our Own Correspondent

MONTREAL.—Northern Quebec Power Co., a subsidiary of Canada Northern Power Corp., is extending its power transmission line east from Noranda to Cadillac Township in Northern Quebec, a distance of some 32 miles.

Canada Northern's subsidiary recently secured a contract for a block of power from the Cadillac-O'Brien Mine.

In order to supply service to this new customer, Northern Quebec proposed to clear the right-of-way for the transmission line from its substation at Noranda to Cadillac Township this fall. Construction material will be hauled in during the winter and the spring will see the completion of the line.

Open New Field

This will make it possible for the company to supply all the mines in the district east of Noranda, as far as and including Cadillac Township, not later than the middle of next year.

This extension will place the company in a position to extend its lines farther east at any time to serve such properties as the Siscoe Mines, Siscoe Extension, Sullivan, Greene-Stabell, Parker Island, Teck-Hughes, and mines in the Pascalis and Louvicourt territory.

The cost of constructing the transmission line will approximate $200,000.

For the past few years there has been considerable activity in the Northern Quebec mining field and a number of existing properties have been brought to the point where, with the aid of electric power, profitable development work can be undertaken. With the advent of power it is anticipated that development and prospecting work in this territory will be intensified.

DIVIDEND NOTICES

Imperial Oil Limited

DIVIDEND

Notice to Shareholders and the Holders of Share Warrants

NOTICE is hereby given that a dividend of twelve and one-half cents (12½c) Canadian Currency per share has been declared, and that the same will be payable on or after the 1st day of December, 1933, in respect to the shares specified in any Bearer Share Warrants of the Company of the 1929 issue upon presentation and delivery of Coupons No. 39 at any Branch of:

THE ROYAL BANK OF CANADA,
in Canada

The payment to Shareholders of record at the close of business on the 15th day of November, 1933, and whose shares are represented by registered Certificates of the 1929 issue, will be made by cheque, mailed from the offices of the Company on the 30th day of November, 1933.

The transfer books will be closed from the 15th day of November to the 30th day of November, 1933, inclusive, and no Bearer Share Warrants will be "split" during that period.

The Income War Tax Act of the Dominion of Canada having been amended, effective April 1st, 1933, to provide that a tax of 5% shall be imposed and deducted at the source on all dividends payable by Canadian debtors to non-residents of Canada the above mentioned tax will be deducted from all dividend cheques mailed to non-resident shareholders and the Company's Bankers will deduct the 5% tax when paying coupons to or for account of non-resident shareholders. Ownership Certificates will be required by the paying Bankers in respect of all dividend coupons presented for payment by residents of Canada.

Stockholders resident in the United States are advised that a credit for the 5% Canadian tax withheld at source is allowable against the tax shown on their United States Federal income tax return. If it is desired to claim such credit on the return the United States tax authorities require the receipt or certificate of the Canadian Commissioner of Income Tax for such payment. In order for the taxpayer to secure such proof from the Canadian Commissioner it is necessary for the United States stockholder to submit, at the time of cashing his dividend coupon, an ownership certificate on Canadian form No. 601. Only in this way can the Canadian Commissioner identify the withheld Canadian tax with the specific recipient of the dividend in order to furnish the necessary individual receipt. If Forms No. 601 are not available at local United States banks, they can be secured by requesting the same from the Company's office or at any branch of The Royal Bank of Canada, in Canada.

BY ORDER OF THE BOARD,

F. E. Holbrook,
Secretary.

56 Church Street,
Toronto, Ontario.

NOTICE

The Ontario Municipal Board

Notice is hereby given that the Municipality of the Township of York has become subject to the provisions of Part VI of "The Ontario Municipal Board Act, 1932," by an Order of The Ontario Municipal Board bearing date the 10th day of November, 1933, and from and after the first publication of this Notice in the Ontario Gazette, all actions or proceedings against the said Municipality are stayed and thereafter no action or other proceeding against the said Municipality shall be commenced or continued nor shall a levy be made under a writ of execution against it without leave of The Ontario Municipal Board.

Dated this 10th day of November, A.D., 1933.

H. C. SMALL,
Secretary,
The Ontario Municipal Board.

Pattullo Promises Action As Coast's New Premier

No Radical, No Reactionary, He is Labelled Progressive and Man of Action

By CHARLES L. SHAW

—Caricature by Cecil.

HON. T. D. PATTULLO

The premier's office at Victoria will be occupied by the most immaculately dressed statesman who ever held office in British Columbia when Thomas Dufferin Pattullo steps jauntily across the threshold. This is possibly a fact worth noting, but business men, industrialists, bankers, working men and the average taxpayer are far more concerned with the style of legislation and administration to be adopted by the new Liberal regime than in the cut of the new premier's morning coat and precisely-creased trousers.

British Columbia has knocked down and trampled upon the Tory party. Not quite so emphatically—but sufficiently so—British Columbia has bowled over the bogey of Socialism by returning only a handful of Co-operative Commonwealth candidates. Having disposed of these two elements in her political life, what is left? British Columbia will follow very closely the ideas and measures of the new Liberal administration, and the spotlight will burn fiercely and critically upon Mr. Pattullo; for Mr. Pattullo has promised some rather sweeping reforms and the province that put him in office with a landslide majority is keenly interested in Mr. Pattullo's approach to these pledged changes. Like Mr. Roosevelt in the United States, Mr. Pattullo promised British Columbia "a New Deal," and British Columbia is intensely interested in what may come of it.

Is No Radical

Mr. Pattullo, however, has already been pretty thoroughly tested as a public figure. He has a rather enviable record as a department administrator, because as minister of lands under three Liberal premiers of another decade—Brewster, Oliver and MacLean—Mr. Pattullo performed efficiently and with honor. There need be no fears of Pattullo radicalism any more than there is justification for fear of his reactionaryism. He is distinctly of the progressive type—a man of action, and if there is anyone in public life in British Columbia who can give the province a new deal without upsetting apple carts and treading on people's toes Mr. Pattullo probably is the man. He has had enough experience in practical politics to realize that you can't suddenly revolutionize Government without paying a rather heavy price; and he is sufficiently young and vigorous and sufficiently full of confidence in himself not to shy away from governmental reforms merely because they mean treading on new and untried ground. No one has yet seriously disputed Mr. Pattullo's courage.

Promises Balanced Budget

In his campaign statements Mr Pattullo covered a wide area, but he sensed the prevailing sentiment in the province pretty well when he emphasized the need for economic reform. Mr. Pattullo is very keen in his desire to balance the budget—which will be somewhat of an innovation in B. C.—but he feels that the budget cannot be balanced and the necessary economies practised unless changes are made in the fundamental financial setup of the province.

"Work and Wages"

For that reason Mr. Pattullo proposes to go straight to Ottawa to advocate some of the policies which he has been supporting and which he sincerely believes will work. His campaign cry was "Work and Wages" and he believes that the only way work and wages can be guaranteed is to secure co-operation between federal, provincial and municipal authorities and the Canadian banking system to establish the necessary credit to carry out a constructive wage-distributing public enterprise and to further the health, education and well being of the people. He favors a general scaling down of interest charges, believing the present rates to be exorbitant.

Mr. Pattullo—again following Mr. Roosevelt's example, perhaps—proposes an advisory economic council; a sort of "brain trust" to study industrial and social effort in the province. This council will be called on to investigate such matters as hours of work, foreign trade, production, consumption and marketing, standard wages and commodity prices.

Abolish Income Tax

Reduction of taxes payable by the men and women of small income will be attempted early in the Pattullo regime, and he has virtually promised to abolish the famous one per cent income tax originated by J. W. Jones, Tolmie's minister of finance, and which is held largely responsible for the defeat of that minister in the recent election. Mr. Pattullo will also seek a general revision of the educational system and a peaceful solution of the many difficulties jointly confronting municipalities and the province chiefly with regard to the distribution of grants.

Apart from the other subjects which might reasonably be expected to be treated of in a political platform Mr. Pattullo has intimated that he will appoint a public utilities commission and urge the Federal Government to appoint a royal commission to determine whether British Columbia has received equal treatment with other provinces in respect of various questions of provincial rights—a subject always close to the heart of Mr. Pattullo's rugged Liberal predecessor, the late John Oliver.

Authority of Commission

Of special interest to Canadian businessmen is the reference to a public utilities commission. Not only would such a commission have authority over such large concerns as the B. C. Electric Railway and the B. C. Telephone Co.; it would exercise control over the fruit growing and dairy industries of the province. It would not be the first time that such a board has been appointed in B. C. The province had such an institution some fifteen years ago, but it fell into disuse because it was never clothed with real authority. Mr. Pattullo evidently proposes a commission with power to act, and he believes that its services will be of great assistance in ironing out some of the often recurring industrial problems of the province, especially as they affect the joint interest of corporations and the taxpayers.

Mr. Pattullo is counting on federal co-operation in carrying out many of his reforms. "I think Mr. Bennett will be reasonable," he said. "I am prepared to sit at a table with Premier Bennett and the premiers of other provinces in an effort to work out a financial policy that will hasten national recovery. If Ottawa does not feel disposed to co-operate,—well, we'll go it alone. We have no mean resources for independent action. But it would be much more desirable to work in unison rather than in disagreement with the Federal Government."

By training, bearing, personality and mental processes Mr. Pattulo is the complete politician. Whether he is the ideal politician depends on the point of view. A clearer perspective on that point will be more easily and fairly obtainable in a few months. Nevertheless it is only just to point out that even his severest critics have found very little of a serious nature to "hang" on Duff Pattullo. Whenever charges have been levelled against him he has invariably met the attack adroitly and with reasonable intelligence and usually he has been ready with an effective counter-offensive. As a rough and tumble debater he will have few, if any peers.

Liberal's Valley

After the Liberal debacle of 1928 no one would have criticized Pattullo had he abandoned hopes for a come-back. True, he had been re-elected at Prince Rupert, which has been returning him to the legislature with regularity ever since 1916. But the fortunes of his party were low indeed. Had it not been for his persistence and his instinctive love of politics and perhaps just a touch of personal vanity he might have been discouraged. But those who had counted on Pattullo to be mild in opposition; who imagined that he would, like some of his colleagues, concentrated upon some outside interest, were badly out in their guess. At first, while the Tory ship of state rode high and safely, Pattullo's occasional blasts of vituperation seemed rather weak and pointless.

Rocket of Distress

But gradually, as the storms of discontent rose and the Tolmie ship wallowed in the trough of public indignation, Pattullo hit his real stride. Incidentally, however, it did not need any torpedoing by Pattullo to sink the Tolmie ship, which is perhaps another way of saying that Pattullo was very lucky indeed. The Liberal leader merely watched the Conservative party encompass its own ruin. When Premier Tolmie sent up a rocket of distress and signalled for a union government Pattullo looked the other way, but only because he felt convinced that it was too late to throw out a life-lien and that the sinking of the Tolmie ship without trace would be a public benefaction. No one criticized him very much for his seeming callousness to his rival's misfortune.

Whether Pattullo will be a popular premier remains to be seen. That he has a large section of the public with him was made evident by the volume of Liberal votes cast in the recent election. His friends and advisors hope that he will retain this widespread support. But his enemies remember— and they take gruesome comfort in the memory—that as an administrator Pattullo had an unhappy faculty of getting into more quarrels than any other Liberal minister. However, there was this in his favor: He did not try to avoid these quarrels merely for the sake of peace. He did what he thought was right, regardless of public opinion. If he had a fight on his hands as a result, well, in the phrase of the prize ring, "he could take it."

Hails From Ontario

Sixty years old, Pattullo could easily pass for fifty. He is a tireless worker, but never seems to get ruffled and he believes in setting aside plenty of time for recreation. A native of Woodstock, Ont., he went West thirty-seven years ago after serving for a while as editor of the Galt Reformer. He was a pioneer of the Yukon and was secretary to the gold commissioner and later his assistant. He has the distinction of being the first man to walk the streets of Dawson in tennis flannels—a feat which proves that even in his younger days Pattullo had more than the average allotment of courage.

Private and National Credit

Editor, The Financial Post,

Two paragraphs in your first column, issue of November 4, under the caption of "Federal Guarantee of C. P. R. Credit," strike me as being obscure and suggestive, yet basic to your entire argument. They are:

"The Financial Post believes that this guarantee was a grave mistake just as were the Beauharnois and the wheat pool guarantees."

and

"The net public debt of Canada is not alone what threatens the financial solvency of Canada. Rather it is the net debt added to enormous contingent liabilities, many of them entered into with inadequate consideration of the character of the obligation assumed. Time after time in the financial history of Canada, governments have taken over private obligations in the mistaken notion that by doing so they were protecting the national credit. But the national credit is injured more by the assumption of new obligations by the state than it is by the default of private borrowers."

Dependent on National Support

It is inevitable in any country, and particularly in a newer country like Canada, that private enterprise in the exploitation, expansion and maintenance of public services is dependent upon national support in one way and another, which ultimately finds its way into the national debt either through Government guarantee of credits or in the equilibration of the domestic price-level which is again inevitable in any solvent state. Whether we like it or not, the net national debt of this country is inevitably the repository of the expenditures and losses incidental to the establishment and maintenance of a balanced social order in this country. Private enterprise is enabled to carry on the exploitation, expansion and maintenance of public servises only so long as a profitable price-level is maintained. If private enterprise fails or domestic price-level is disrupted as during the past four years, the nation must inevitably step in to safeguard investments in fixed equities and to maintain services else it shall face insolvency. It is questionable whether the financing of the exploitation, expansion and maintenance of all public services should not be performed under Government guarantee, in order that capital security should be assured at least possible cost.

Unlimited Scope to Enterprise

These statements are somewhat abstract, but they are axiomatic. I think you will agree that Canada's principal concern in public financing today is due to the unlimited scope afforded private enterprise in past years in the borrowing of foreign capital for the purpose of exploitation, expansion and mainteance of public services.

I need only draw your attention to the genesis of the Canadian National Railways, the newsprint industry, and in some degree the public utilities developments financed by foreign capital. Unquestionably, the C. P. R. is Canada's greatest achievement in the expansion of public services by private enterprise. Yet, even the C. P. R. possessed Government backing originally in the land settlements, and has enjoyed the closest co-operation and confidence of successive governments since that day. These other later developments have been the result of unbridled private enterprise enjoying only a pseudo government confidence largely through patronage and politics. Canada is reaping the stubble today of an all too liberal policy in the private exploitation of natural resources and public services by means of foreign capital borrowings.

Necessary to Solvency

I do not condone the Beauharnois or the wheat pool guarantees. But I do hold that these guarantees were essential at the time when private enterprise had involved the nation in trading obligations affecting the domestic price-level, basic capital security, and the solvency of the state. As regards Beauharnois and similar exploitations of public services, I hold that foreign capital borrowings by private interests should be permitted only and controlled through the national treasury. On the wheat question, I hold that all basic wheat financing is an essentially national obligation toward the releasing of basic credits represented in this annual increment of natural wealth produced for export purposes to assist in the settlement of Canada's foreign capital obligations. Otherwise, I hold, the price-level in this country cannot be restored and maintained on a profitable basis.

The present credit guarantee to the C. P. R. is a similar national necessity to inspire the confidence of foreign investors in Canadian enterprise. Whatever the final settlement of Canada's railway problem may be, it is obvious that national credit stability, a profitable domestic price-level, and increased population are the essential equating factors. The C. P. R. is an element of tremendous national importance in each of these essential factors.

E. S. BATES,
Editor, Canadian Textile Journal.
Montreal,
Nov. 6, 1933.

Report Stavely Apts. Bonds Over 40 Per Cent Deposited

Bondholders' protective committee for Stavely Apartments, 6½ per cent first mortgage bonds reports that over 40 per cent of the outstanding bonds had been deposited with it up to Oct. 15, 1933.

In its progress report, further deposits of bonds are requested so that expenses of the receivership will not be increased by delays in arranging a reorganization. Lowered rentals and further prospective decreases make it imperative, the committee thinks, that financial readjustment be made at an early date.

Coupon No. 9 is now payable, and bonds may be deposited with the trustee, London and Western Trusts Co., with this detached. Bondholders are asked to correspond with the committee before considering sale of their securities.

Farm Students Increase

With an enrolment of 32 students, the second largest in the history of the school, the New Brunswick Agricultural School opened its eleventh course at the Dominion Experimental Station. Last year the total enrolment was 29 students.

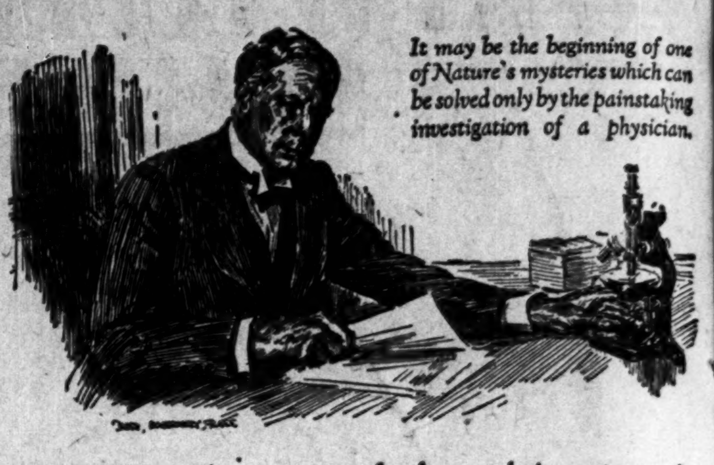
Chartered 1864

Savings Deposits
Withdrawable by cheque

Debentures
$100 and over—1 to 5 years

The Huron & Erie
MORTGAGE CORPORATION

The Anemia Mystery



It may be the beginning of one of Nature's mysteries which can be solved only by the painstaking investigation of a physician.

WHEN, without apparent reason, someone you care for—young or old—complains of feeling tired or exhausted and begins to lose color, becoming paler and weaker as the days go by, you may have good cause to suspect some form of anemia.

The anemic person lacks good red blood.

Sometimes anemia is a symptom of a condition which is unknown or neglected by the sufferer. It may be either slight or serious. A frequent, though small, loss of blood, a wasting disease, or infections in the body may produce anemia. If, however, the cause is diligently searched for—and can be removed or corrected—the anemia will usually disappear under proper treatment.

Anemia may also be caused by a lack in the diet of certain food elements necessary for normal blood formation—especially when there are associated functional defects (often symptomless) of the stomach and intestines. A correct diet alone sometimes conquers such anemia. But proper treatment with an appropriate quantity and quality of iron is often of fundamental importance in producing a sufficient amount of the needed blood coloring matter.

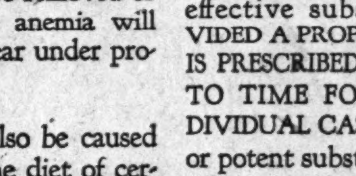
People may also become anemic because they are unable to utilize from an adequate diet the food material necessary to make red corpuscles. This may be dependent upon a deficiency in the function of the digestive organs. The most common type of such anemia is called by doctors Pernicious Anemia. Until recently it was always fatal. In 1926, however, an incredibly simple remedy was found—liver.

Pernicious Anemia can now be kept under control by the regular use of liver or an effective substitute PROVIDED A PROPER AMOUNT IS PRESCRIBED FROM TIME TO TIME FOR EACH INDIVIDUAL CASE. But—liver or potent substitutes are not a panacea for all forms of anemia. Although they save lives in cases of pernicious and allied anemia, they are frequently ineffective in treating the ordinary forms of the condition.

If there is an anemia mystery in your family, don't guess about it. Ask your doctor to find the solution.

METROPOLITAN LIFE INSURANCE COMPANY

FREDERICK H. ECKER, PRESIDENT



CANADIAN HEAD OFFICE OTTAWA

SERVING CANADA SINCE 1872

SUPERFINE LINEN RECORD

For letterheads and all important forms and documents where permanence, dignity, character and impressiveness are essential . . . choose Canada's finest all-rag paper. For more than fifty years it has played a leading part in the commercial and legal life of the Dominion. Federal and Provincial governments know its value for receiving and preserving vital records. Let Superfine Linen Record carry YOUR correspondence and records . . . to your greater satisfaction and enhanced prestige.

This watermark identifies Superfine Linen Record, Rolland Antique, Earnscliffe Linen Bond, Colonial Bond, Mount Royal Bond, Service Bond, and other fine papers.

ROLLAND PAPER COMPANY LIMITED
MONTREAL

High Grade Paper Makers since 1882
Mills at St. Jerome, Que. and Mont Rolland, Que.

SECOND SECTION

THE FINANCIAL POST

SECOND SECTION

Vol. XXVII | Member of Audit Bureau of Circulations | PUBLICATION OFFICE: TORONTO, NOVEMBER 18, 1933 | 10c a Copy; $5.00 a Year | No. 46

". . . . . . . The Canadian Banks Give Evidence of Security, Efficiency and Convenience. In a Time of Universal Economic Difficulty, They Have Stood Firm . . . ." *The Macmillan Report*

The Royal Commission on Banking and Currency recommends:

A central bank for Canada, with capital of $5,000,000 to be publicly subscribed, contending Canada needs an institution with responsibility for credit, currency and exchange control and to co-operate in international monetary policies. In dissenting memoranda, Sir Thomas White and Beaudry Leman contend the time is inopportune, operating losses in foreign exchange may develop, fear political control and doubt efficacy for Canada of international central banking.

The commission recommends a federal-provincial survey of the problem of "short and intermediate rural credits."

On less formal matters these recommendations are made:

Abolition of maximum legal interest rate;
Adjustment by banks of terms of loans to needs of customers;
Par collection of cheques on U. S. plan;
Banks should restrict security underwriting and selling activities to highest grade issues;
Continuation of Section 88;
More western directors for banks;
Directors to absent themselves from meetings where their own loans are passed upon;
Continuation of decennial revision of bank charters;
Rights of women to control their own bank deposits to be made unlimited;

* * *

On this page the chief recommendations are enlarged upon in three separate articles.
On page 13 the constitution of the proposed central bank is given in greater detail.
On page five the question of the banks in the investment business is enlarged upon.
On page one there is an article on the relation of the bank shareholder to the report and another on Ottawa's reaction.
"The Nation's Business," page one, discusses the chief recommendations made by the commission.

"Matters of Concern To Customers of The Banks"

Elimination of a statutory maximum rate of interest, extension of "par privileges" to customers on all cheques and more wide-spread use of service charges on active savings deposit accounts; are the principal recommendations of the Royal Commission's report listed in a chapter on Miscellaneous Questions.

Four of the five commissioners favor the elimination of a statutory maximum rate of interest and hold the opinion that a statutory maximum is "nowadays anomalous and an undesirable interference with freedom of contract, and that the provision of the Bank Act limiting the rate to seven per cent, whatever justification it may originally have had, ought now to be repealed." Mr. Brownlee, the dissenting commissioner, held that the statutory maximum still serves a useful purpose, that adequate reasons for repealing the section have not been adduced and that it ought to be retained.

Prior to May 1, 1933, the banks charged more than seven per cent on loans to western farmers, justification apparently resting on a decision of the Privy Council in 1913 which would not allow past settled transactions, in which eight per cent had been paid, to be opened up. The Banking Commission, however, holds that this decision gives no countenance to the idea that a charge of interest or discount in excess of seven per cent is ever legitimate under the present Bank Act. The Privy Council decision was based on the legal principle that money paid under error in law is not recoverable, but the members of the Royal Commission point out that an illegitimate charge is not rendered legitimate by reason of the fact that if it has actually been paid it may be irrecoverable. The banks have laid themselves open to the allegation that they have been evading the law.

Unable to Make Loans

The majority of the Royal Commission felt that either the present provision must be repealed entirely or else changed to stipulate more definitely that it is illegal to charge more than seven per cent interest or discount. The argument for repeal of the provision was that a charge in excess of seven per cent is justified in some cases by the amount of risk involved and the cost of doing business; that enforcement of a rigid maximum would necessitate the closing of a large number of small branches, especially in newly settled districts; that a charge of one per cent in excess of seven per cent is a small matter to the individual borrower while to the banks it may mean the difference between closing or carrying on a branch; that all usury laws were repealed in England in 1854 and the principle of restricting rates of interest was abandoned as being ineffective and inexpedient in the public interest; that if the banks were unable to loan money at more than seven per cent certain classes of borrowers would be unable to secure accommodation and would be forced to borrow from money lenders not so restricted.

Banks Should Accommodate Customers

The practice of Canadian banks of taking notes maturing in three or four months from farmer borrowers although repayment is not expected before six to 12 months, has caused inconvenience and irritation to borrowers. The Commission holds that it would be almost impossible to place a statutory obligation on the banks to lend upon terms of repayment at a date likely to coincide with the realization of the venture for which the money was borrowed. Matters of this kind can be better adjusted through mutual goodwill with such moral suasion as may be exerted by a central authority duly qualified to exercise a regulating influence. The report adds that the banks would be well advised, in the case of satisfactory customers, to endeavor to meet their wishes and convenience in this matter.

The practice of the banks in discounting notes is another question that can be settled between banks and their clients on the above basis.

Urge Par Payment on Cheques

Charges made by the banks for operating active accounts are regarded as reasonable providing that there is a definite agreement between the bank and the customer with regard to these charges. If such charges were not made there would result the shifting of costs of performing services from one class of customers to another class.

Extension of "par privileges" to all customers by all banks is suggested in the report thereby eliminating irritating exchange charges on cheques. Such a step, it is felt, would facilitate trade and, by encouraging the use of cheques, reduce the use of currency. The expense of clearing cheques on other banks would be met by the banks but it is suggested that the banks recoup this expense by extending the present custom of making charges on active accounts and by restricting the use as chequing accounts of savings deposits upon which interest is paid.

These recommendations arose from the evidence which criticized the charges for collecting cheques. It is pointed out that the cashing and collection of cheques incurs an expense to the bank and moreover Canadian banks give credit in the books of the bank at the date of deposit of the cheque whether the cheque is drawn on its own branches or the branch of another bank.

Spread in Rates Not Too Large

No recommendation is made as to the spread between the rate of interest paid by the banks to depositors or to the government under the Finance Act and those asked by banks on their loans. It is pointed out that the rate charged on loans depends on the rate paid on deposits, plus the cost of operation, plus the cost of the risk involved. These account for the difference in rates charged as between districts or customers. The Finance Act was designed to increase or decrease, as conditions develop, the cash reserves of the banks or the currency needed to carry on the business of the country. It was not designed as a lending agency for the benefit of the banks. Dominion notes advanced to the banks represent a small proportion of the loans made by them or only 3.32 per cent so far in 1933 and as little as 0.49 per cent in 1931.

If the banks were to lend to governments or other public bodies at the rate paid on deposits or at the rate charged by the government for advances under the Finance Act, without the necessary additional charge, it would be tantamount either to placing upon the banks a large share of the burden of carrying on the public and social functions which the various communities decide they are entitled to, or else shifting this burden on to other borrowers. If the government were to issue Dominion notes to finance the requirements of provincial governments, municipalities and school boards it would engage in a dangerous policy.

Would Not Extend Section 88

While repeal of section 88 of the Bank Act is not advised, the Royal Commissioners believe that it should not be further enlarged. The Commission had been asked to extend this section to permit advances on silver fox pelts and for fertilizers. The report states that the section is anomalous in that it contravenes the general principle of law that a borrower cannot pledge articles which he retains in his own possession. It is recognized however that the section was introduced to meet the conditions of a developing country lacking accumulations of working capital and the Commissioners are not satisfied that its utility is spent.

Directors Should Be More Representative

Since only two, out of 170 bank directors, reside in Alberta and Saskatchewan, the report suggests that bank shareholders, in their own interest consider electing more directors from eastern and western sections of the country and further extending their local committees for the purpose of allaying any regional feeling of discrimination. Such sentiment could not be allayed by any form of legislation. The statements of the banks that a large proportion of western loans were decided by the provincial supervisors and by branch managers were given briefly as well as the banks' attitude that they desired directors who are leading business men in districts where banking is on a sufficiently large scale but that they must take into account the distribution of their shareholders.

Bank Profits Not Unreasonable

No detailed discussion of the amount of profits earned and the dividends paid by the banks is given in the report as the average figures over the period 1923 to 1932 are given. The average paid-up capital of all the banks over this period was $123,605,663, the average reserve fund was $137,370,735 and average undivided profits amounted to $7,181,755; a total of $268,158,153. Reserve funds have been built up from premiums on capital stock issues to the extent of 42 per cent; 34 per cent has come from profits and 24 per cent has come through purchase of assets of other banks. Average net annual profit available for dividends was $17,064,957, or 6.36 per cent. Average dividends paid amounted to $15,919,384 or 5.93 per cent on the investment. Net annual profit amounted to only 0.57 per cent on average total assets.

In coming to any conclusion as to whether returns to bank shareholders have been reasonable, note must be taken of the double liability feature of bank shares.

There is no reason for altering the present practice of a decennial revision of the Bank Act. Suggestions that the banks' charters be made perpetual and that revision of the Bank Act should not be undertaken every ten years as well as other suggestions that the Bank Act be revised at more frequent intervals were not adequately supported in the opinion of the Commission.

Improvement of the various statistical returns that the banks are required to make is stated to be largely a matter of detail and largely non-controversial. The Commission regards this matter as more appropriate for the Department of Finance to consider preliminary to the enquiry before the Standing Committee on Banking and Commerce to which the revision of the Bank Act will doubtless be referred by parliament.

With regard to the claim by insurance men that the banks were engaging in or influencing insurance business the Commission indicates that it regards any statutory protection for insurance agents as unnecessary in view of present provision in the Bank Act and provincial legislation.

Married women living in Quebec will have the right to deposit unlimited sums of money with the banks if the recommendation of the Commission is followed. Under the law of Quebec a married woman could not deposit or withdraw money without her husband's consent but section 95 of the Bank Act does permit deposit of up to $2,000 at present.

Their Report Will Make Banking History in Canada

Taken in Ottawa before they disbanded, this photograph portrays in jovial mood the men who labored to give Canada a "Macmillan" report on banking and currency. Reading from left to right: Sir W. Thomas White; Lord Macmillan (chairman); Premier J. E. Brownlee; Sir Charles S. Addis; Beaudry Leman; A. F. W. Plumptre, assistant secretary; B. J. Roberts, secretary.

"The Answer . . . is . . . a Central Bank"

Recommendation that a central bank for Canada be established "forthwith," and that its capital of $5,000,000 be offered for public subscription, is the chief feature of the report of the Royal Commission on banking and currency headed by Lord Macmillan.

The majority report recommending a central bank is signed by Lord Macmillan, Sir Charles Addis and Hon. J. E. Brownlee, with Sir Thomas White and Beaudry Leman dissenting from the central bank proposal and other lesser matters. Although public subscription of the proposed bank's stock is suggested, Mr. Brownlee would have the government own it, and Sir Thomas and Mr. Leman don't want a central bank "at present," so that this matter seems to be "in the air."

Another question on which Sir Thomas and Mr. Leman dissent from the majority report is the suggestion that the proposed central bank hold its reserves in gold and foreign exchange. The latter, contend the two Canadian bankers, would be unstable in value and might cause depletion of our gold reserves and heavy losses.

The recommendation of a central bank in the majority report follows sketches of the history of Canadian banking and operation of the present banking system. The report says that the absence in Canada of any single banking authority detached from commercial banking is impressed on the observer, and suggests a number of reasons why there should be such an institution. They are:

Reasons For Bank in Canada

(1) A multitude of difficult and intricate monetary problems confront the Canadian people.

(2) There is no one source to which Canadians can assign the responsibility of controlling the volume of credit and currency, maintaining the external stability of our currency, and advising the government on financial matters.

(3) There is need for a central bank to co-operate in international monetary action for mitigation of fluctuations in economic activity.

In support of its suggestion that a central bank be established, the majority report points out that the world is teeming with them, and Canada has none. In New Zealand and India, central bank legislation is now before the legislatures. South Africa organized its central banking system over ten years ago, and Australia's Commonwealth Bank became a central bank proper in 1924. The South African and Australian institutions are lauded for their work, and "have now obtained the goodwill and co-operation of the commercial banks" in those countries, according to the report.

Central banks in other countries are further mentioned:

"It is certainly remarkable that whereas even the smallest countries in Europe have long had, or have recently established, a central bank, there should be no corresponding institution in a country of the indisputable financial and economic importance of Canada. It is true that a large part of Canadian economic activity is of comparatively recent growth, but the explanation of the existing gap in the financial structure is not only, or indeed mainly, to be found in this fact. The explanation, we venture to think, is to be found chiefly in the excellence of the commercial banking institutions with which Canada is equipped."

Objections to Bank Refuted

Refutation of alternative proposals and objections to a Canadian central bank make up much of the recommendation. The Finance Act comes in for criticism on the ground that it did not lend itself to the rules of the gold standard game in 1929; that it does not require gold reserves against notes issued under its authority; that it is not intended to create conscious control of credit; and lastly that it is operated by a board which is in effect a cabinet committee, and the act is therefore subject to political control.

The argument of Canadian bankers that an administrative board to operate the Finance Act and other monetary instruments would be able to fulfill the functions of a central bank is denied in the majority report. Of the bankers' proposal it is stated:

"Even if its freedom from political interference could be adequately safeguarded . . . . such a board would find it difficult, if not impossible, to win the prestige, whether internally or externally, which a central bank might be expected to acquire. A board would not find it possible to establish satisfactory relations with central banks in other countries, or with the Bank for International Settlements. Its decisions . . . . would be liable to be marked by hesitation and compromise. For it must be remembered . . . . that the business of a central bank is banking, although of a very special kind, which calls not only for the highest skill, experience and integrity, but also for close and continuous contact with every important element in the financial structure."

And the bankers' arguments are taken to indicate that they recognize the necessity for some addition to our present banking system.

Claimed Helpful to Country

Contentions that establishment of a central bank might disturb the present banking system are spurned. On the contrary, says the report, a central bank would be expressly designed to strengthen the existing banking system. Even the transfer of the commercial banks' note issues need occasion no serious disturbance of facilities, it is claimed.

As to cost, the majority report says a central banking organization in Canada need be neither large nor expensive. A capital of $5,000,000 is suggested. Services now being performed by the assistant receiver general's offices could be taken over, and the main activities of the proposed bank operated from one central office. And also, it is contended, the government would share in profits above the amount necessary to pay a modest dividend, which would offset the cost.

A warning is given against extravagant expectations of what a central bank might be able to do. It is not desirable that a central bank should be charged with any responsibility for the general price level of the country, much less the price level of any commodity, the report states. Nevertheless it is felt that a central bank can become an important factor in influencing economic activity by regulating credit and foreign exchange.

Reiterates Warning Against Optimism

Reiterating this warning, the report states that a central bank could not cure all the economic ills of Canada, would not be a source of unlimited credit, might even restrict it at times. But, says the report:

"On the other hand, its positive services would, we believe, be very considerable; it would substitute for the present undeveloped and anomalous system a more rational and unified control over the credit structure; it would provide a suitable instrument for the execution of a national policy in regard to the external value of the currency; it would be increasingly a source of skilled financial advice for the Dominion and possibly for the provincial governments; and, finally, it would provide a central body which could maintain relations with similar institutions in other countries, which find at present no counterpart in Canada with which to maintain contact."

As to what means of credit control a central bank would have, and the opportuneness of creating it, the majority report recognizes that the Canadian institution would not have available all the instruments of control exercised in older and financially more highly developed countries. Nevertheless it is contended that the financial and economic life of this country is sufficiently well developed to make the instruments of (1) discount rate, (2) purchase and sale of securities, and (3) operations in the foreign exchange market important enough to allow decisive influence of the Canadian credit situation.

The fact that the Canadian dollar is uncontrolled and unstable in foreign exchange markets is viewed by the majority report as advantageous to establishment of a central bank. Because of this very condition, the institution would not have to worry about the convertibility of its notes into gold during its infancy. It would have a chance to get started without having to take certain normal banking risks, it is claimed.

Control of Stock of Bank

The question of control of the proposed bank's stock and its policies bobs up again and again in the report and in the dissenting memoranda. The majority report itself is somewhat self-contradictory, stating at one point:

"It has in practice been found that a central bank can give most effective service to the community if it is free from the fear of interference for political ends in operating the delicate mechanism of the national monetary and financial machine. Certain statutory limitations have almost invariably been adopted in order to emphasize the national character of the bank. Thus, apart from the detailed provisions of the legislative act constituting a central bank, we may refer to the customary provision that the profits of the note issue should accrue, either directly or indirectly, to the state; that in most modern instances a limit is set to the profits which may be distributed to the shareholders; and lastly, that the state should have a final voice in the appointment of the governor and deputy-governor and sometimes of certain of the directors. Within this legislative framework it has been found that there are pre-eminent advantages to the state in entrusting the special and highly technical functions of a central bank to a body not subject to the vicissitudes of political life."

According to this, it would seem that a central bank should be governed and even directed by appointees approved by the government, but should be free of political influence.

Emphasize Personnel as Important

Both the majority favoring and the minority opposing a central bank emphasize the necessity of the highest type of men for the personnel. The difference of opinion lies in the feeling on the one hand that suitable personnel is available, and on the other that there may be difficulty obtaining the right type of men.

The majority report mentions some of the principles which should be followed in establishing a Canadian central bank as follows:

"In order that it may regulate credit and currency, it is essential that the central bank should hold a suitable proportion of the cash reserves of the commercial banks. It is essential for the full and satisfactory working of a central bank, that it should have the sole right of issue of legal tender notes; it is essential that the central bank, as the financial adviser of the Government, should in due course hold the various Government accounts and carry out, on behalf of the Government, all major financial transactions."

Sir Thomas White submits, in his memorandum of dissent from majority report, that accusations against the Finance Act are unjustified. He denies that the Act was an instrument of inflation during the war, that it had anything to do with the fall of the Canadian dollar following the war. To the contention that the Act is not designed or used for conscious control of credit, Sir Thomas replies that the rates charged for Finance Act advances have resulted in the following of credit control policies of the Bank of England and the U. S. Federal Reserve system, whether or not such was the intention.

Sir Thomas also avers that Finance Act administration has been entirely free from political influence. Thus does he defend the Finance Act, one of the Canadian bankers' answers to central bank proposals.

Says Time Inopportune Now

Sir Thomas opposes a central bank on the grounds that the time is inopportune for its establishment. Says he:

"A central bank, newly established immediately with the ownership of the entire cash reserves of Canadian banks, and administered by a necessarily untried and independent board of directors clothed with the power of controlling currency, credit and security issues and charged with the conduct of negotiations respecting our external public finance, could, I think, be only an impediment to the Government in this trying period, when direct unfettered Governmental action is manifestly required."

International co-operation to obtain stability of currencies and trade, Sir Thomas thinks, can only be achieved by direct negotiations between governments, not through central banks.

Imitation Is No Reason

Sir Thomas contends that because other countries have central banks is no reason why Canada should have one, and that conditions are as good or better here than in countries with such institutions. He also claims that central banks sometimes finance budget deficits to the detriment of a nation's credit. His memorandum suggests dangers in allowing any Canadian institution to attempt to control prices, most of ours being dependent on external markets.

As to the "set up" of the proposed bank, Sir Thomas thinks vacancies in personnel should be filled by the Government, not through solicitation of votes of small shareholders, and he sees possibilities of ill-feeling between provinces in connection with the proposed handling of their finances by the institution.

Sir Thomas strongly opposes granting power to the proposed bank to carry reserves in gold and foreign exchange. There is a grave risk in relying on exchange holdings, is his contention, because of possible fluctuations. Sir Thomas also opposes any proposal that a Canadian central bank operate an exchange equalization fund because of the possibility of large losses to the Government.

Leman Dissension From Proposal

In his dissenting memorandum, Beaudry Leman contends that the time is inopportune for establishment of a central bank, that international currency negotiations can best be carried out by governments. He cannot see how a central bank could be placed beyond the scope of political influence, and cites the Bank of England, the Bank of France and the U. S. Federal Reserve system as examples.

Mr. Leman sees constitutional difficulties in the British North America Act to the establishment of a central bank. And he suggests that such an institution should be approved by all the provinces and the Dominion before its creation. He takes "strong exception" to the suggestion that the proposed central bank carry its reserves in gold and foreign exchange. His objections are that the personnel of the institution would not be able to tell what currencies to hold, would perhaps lose heavily, and that the Dominion would partly lose sovereignty of currency, might be stripped bare of its gold reserves, have its credit wrecked.

Mr. Leman concludes his dissension by stating that the majority report pays insufficient attention to the domestic market for goods, and that financial measures calculated to develop closer Imperial contacts may mean closer common political action and other imponderable consequences.

Brownlee Memorandum of Dissent

Hon. J. E. Brownlee submits a memorandum also, but not one of complete dissent. However, he disagrees with the suggestion that the proposed bank's capital be publicly subscribed, stating:

"I dissent from this suggestion and recommend that the capital be subscribed by the Government of Canada, and that all directors and executive officers be appointed by that Government, each appointment to be for a fixed number of years.

"The source of capital is in itself of little significance. The control of the bank is of great significance. The election of directors by private shareholders means private control, and notwithstanding the limitation of the rate of dividends, this control might place earning capacity as a first consideration. The only reason advanced in favor of private, as against national, control is the fear of political influence. I am not impressed by this argument. I believe the selection of directors and executive officials by a Government would be as wise as that of a body of shareholders, the majority of whom might vote by proxy."

"... Provision for Short and Intermediate Rural Credits"

Farmers of Canada have achieved a "coup d'état" in that the only major recommendation of the Macmillan report on banking and currency, to be approved without reservation by all five commissioners, was in respect of more adequate credit facilities for agriculturists in this country.

True the report merely recommended that the federal and provincial governments "forthwith institute a special investigation into the whole problem of short and intermediate rural credits." But it will be difficult for any government to side-step when a royal commission says: "We are satisfied that the need is a real one."

One chapter of nine paragraphs is devoted by the Commission to agricultural credit. First reading of the report indicates a discussion merely of short term credit. Close study reveals, however, that the Commission are seized of two facts:

1. The importance of extending short term credit facilities as now available to some degree in Ontario, Manitoba, Alberta, Quebec and through the Dominion Agricultural Credit Co.

2. The imperative need of some special credit facilities other than those available, to provide Canadian farmers, particularly in the West, with sufficient capital to see them safely through and out of the present depression.

Total mortgage indebtedness of Canadian farms (exclusive of mortgages on rented farms) is $671,776,000. Of this total only a small proportion is owing to rural credit organizations. Even provinces (and the federal loan board) hold but 10 per cent ($69,482,000) of total long-term indebtedness. In recent years credit from this source "has been restricted owing to the difficulty of obtaining funds at a sufficiently low rate of interest and also because of the danger of embarrassment to the provinces by duly increasing their indebtedness."

Long term credit plans were found to operate in Ontario (20-year plan at 5½% interest) and Saskatchewan (30-year plan at 6½%). The former province has $45,000,000 and the latter $15,000,000 of loans outstanding. In six other provinces namely Alberta, British Columbia, Manitoba, New Brunswick, Nova Scotia and Quebec, the Canadian Farm Loan Board operates. It began operations in 1929, makes loans at 6½% interest with 7% on arrears. Repayment basis is either 23 or 32 years. As at Mar. 31, 1933, it had outstanding $9,482,000 of loans. It is this agency which the Commission suggests as suitable for extension to the field of short and intermediate credits.

Short Term Credit Is Need

With respect to short term credit facilities the report makes at least two significant observations:

1. That three provinces and two independent groups decided to engage in these experiments may well be taken as indicating "the necessity of agricultural credit at lower rates of interest than prudent banking practice might seem to warrant, particularly in certain areas where agricultural production is attended by certain hazards or requires loans of a length which militates against the affording of credit by commercial banks."

2. The experience gained in the successes or failures that have followed the operations of these organizations will be of valuable assistance in subsequent attempts to meet the problem.

Present Facilities Analyzed

Material is adduced to show the extent of short term credit facilities at the present time. Total credit of this type in use is shown to be small however, amounting to not over $10,000,000, of which $8,400,000 is on loan for something more than strictly rural credit purposes, by the Caisses Populaires of Quebec. This is exclusive of Alberta, for which no figures were given. The plans by provinces follow:

(a) **Banks**—Short-term credit facilities of chartered banks. No comment offered except as in (1) above.

(b) **Ontario Agricultural Development Board**—Maximum credit granted has never exceeded $350,000 and the farm loan associations through which loan facilities are granted have never played an important part in the field of short-term credit. No reason is given for this by the commissioners. Rate is 6½ per cent of which 1 per cent goes to the associations to defray expenses.

(c) **Alberta**—Short-term facilities first introduced through provincial treasurer's office in 1921. Under the original legislation societies were organized at local points each operating as a separate and distinct unit. Funds were obtained by the societies from the chartered banks which were in part protected against loss by guarantee of the Provincial Government. As a result of losses in a number of the societies a reorganization of the entire scheme was effected in 1931. A provincial corporation was established by a statute of the legislature of that year consolidating the various existing societies as members, the capital stock being contributed by the societies. While each society still retains as a unit its relationship with its members, it is required to contribute annually to a common sinking fund to cover any losses in any society. The rate of interest in Alberta is 7½ per cent (of which ½ of 1 per cent accrues to the local society) plus ¼ to ½ of 1 per cent to provide the sinking fund.

(d) **Manitoba**—Provision for short-term credit was made by legislation in 1917 with a stipulation that interest should not exceed 7 per cent, of which 1 per cent should accrue to the local rural credit society. An investigation into the management of these societies was made in 1923, and subsequently large losses, both of principal and interest, were written off. The societies are no longer managed by local directors, but by the central government authority in Winnipeg, and no new business of consequence is being undertaken. Total loans outstanding, according to the public accounts at April 30, 1932, were $1,085,675.

Caisses Populaires, Que.—Originated by Commander Desjardins, of Levis, in 1900 after the model of the People's Banks in Italy. Not strictly rural institutions but are conducted more largely in the interest of the farmers than any other class, with a high percentage of farmers composing the membership. Transactions are like those of a mutual company in that they generally land only to shareholders, who have the right of making deposits over and above the amount of their shares. They make loans to members on personal security and also on first mortgages on immovable property.

Interest rates to depositors vary from 3 to 5 per cent with 3 and 4 per cent the common rates. Interest rates to borrowers vary from 5 to 8 per cent and are ordinarily from 6 to 7 per cent according to the duration and amount of the loans and the borrower's standing. Mortgage loans are generally for 10 years or less. Institutions now number 192 with 41,913 members, 41,156 depositors and 11,767 borrowers. Total assets $9,210,107 with capital stock of $1,649,568 and deposits of $6,211,278. Loans total $8,403,379 (June 30, 1933), of which 25 per cent are on promissory notes, 40 per cent are on mortgages and 35 per cent on bonds.

(e) **Dominion Agricultural Credit Co.**—The only attempt in recent years to supply intermediate credit in Canada. Dominion Agricultural Credit Co. was organized early in 1931, largely through the efforts of E. W. Beatty, with capital supplied by the railway companies, the banks, loan companies and insurance companies. Its purpose is to assist farmers in acquiring livestock. Authorized capital stock is $5,000,000, of which over $3,000,000 was subscribed, with 10 per cent paid up.

H. O. Powell, the vice-president and general manager, in his evidence at Regina stated that the amount of capital paid up had been more than sufficient to meet the demands to date. He further stated that the company asked for repayment of loans over a period of three years with interest at 6 per cent plus ccertain inspection fees. Loan applications are handled largely through local committees. Recently the company has engaged in sheep raising on a profit-sharing basis with farmers; the company purchases and retains ownership of the stock while the farmer provides pastures and care.

Extraordinary Plight Discussed

No clear solution is offered by the commissioners as to provision of short-term credit facilities "in normal times," for the report at this point digresses to discuss the extraordinary plight in which Canadian farmers now find themselves.

The report then discusses at length the present serious plight of the farming community. It says:

"At various sittings of the commission, evidence was adduced both by individual farmers and by representatives of farm organizations to show that as a result of this declining revenue the maintenance and operating costs of farms cannot be met, farm debts have considerably increased, taxes are unpaid, farm equipment has seriously deteriorated, and a large percentage of farmers are unable to obtain new credit to meet the operating costs incidental to putting in and harvesting the crop.

"This evidence was confirmed by representatives of the banks, particularly in Regina, where it was agreed that a large proportion of farmers could not carry on their operations without some form of credit, that the credit could not be supplied by the banks and that a serious problem therefore existed which had to be met if agriculture was to be revived.

"The indebtedness of many farmers appears to be such that even a substantial rise of agricultural prices would not be sufficient to warrant the extension of new credit through ordinary commercial channels."

A paragraph from the brief of the Canadian Bankers Association is reprinted which urges the view that:

"Assuming that the need for credit in this form is clearly a matter of sufficient national importance to warrant some action being taken by the authorities, consideration should be given to the creation of an institution financed on the public credit and to the placing upon it of the responsibility for meeting all legitimate demands."

Aside from its recommendation that the federal and provincial government should institute a special investigation of the whole problem, the most definite suggestion made by the report is that the scope of the Canadian Farm Loan Board "might be extended to enable it to make short or intermediate loans."

This suggestion "has much to commend it," says the Commission, although it notes also the suggestion of the prairie governments that the existing rural credit societies of Alberta be extended by appropriate federal legislature; and the suggestion of the C. B. A. that a Dominion intermediate credit corporation be formed, with capital partly subscribed by each province in which it was asked to operate.

Wheat

From Our Grain Correspondent

CURRENCY fluctuations continue to be a dominating influence in determining wheat price fluctuations. Rise in the value of sterling tends to advance quotations, but not to the full proportionate extent, as Liverpool sees in falling dollar values a reason to expect that actual costs to buyers abroad may be lessened.

World shipments last week were slightly over 9,500,000 bushels, with North America furnishing 5,277,000 bushels. While most of this was Canadian wheat, some shipments from the North Pacific states, subsidized by the United States Government were included. But the cautious way in which buyers overseas have been buying is reflected in a decline by more than 3,500,000 bushels in quantities afloat, to the very low level of 25,000,000 bushels. Australian shipments were under a million, Argentine about a million and a quarter, and Black Sea shipments slightly higher. While Black Sea shipments do not include all the wheat being exported by Danubian countries to adjacent European countries, it begins to look as if the Danubian countries and Russia might not make as large contributions to export trade as earlier expected.

* * *

THE International Institute of Agriculture at Rome has published an estimate of 525,000,000 bushels as representing requirements of exporting countries. This is 35,000,000 bushels less than the quantity on which the London agreement was based, but trade opinion appears to be that the institute's estimate may be too low.

Liverpool is watching southern hemisphere conditions very carefully, and private reports indicate that the recent estimate of a possible out-turn of 180,000,000 bushels may be too high by 30,000,000 bushels. Argentine conditions, however, still appear to be very good, although unfavorable weather might still do a good deal of damage.

* * *

Little Interest at Chicago

PUBLIC interest in the Chicago wheat market is reported to be at a very low ebb, in spite of the announced determination of the government to advance prices by one means or another. One reason is that now that depreciation of the United States dollar has become an accomplished fact, instead of merely a prospect, there is much less certainty than there used to be that such a measure would be an important bullish factor. A great deal of attention is also now being paid to the effects of the processing tax on wheat, and observers wonder if that, added to the market price of wheat has not already advanced the price of flour to as high a point as is reasonable in comparison with other prices.

Recent strength at Chicago is attributed to two factors apart from the question of dollar value. One is the buying of wheat by the government to be manufactured into flour for free relief. The other is somewhat increased activity of flour mills, as domestic stocks of flour, accumulated in advance of the processing tax, are used up. And also important is the mere lapse of time, as each week sees used up in the United States approximately ten million bushels of wheat, lessening the burden on the market of the great quantity carried forward from the previous year, and making more effective the short production of 1933.

* * *

Danubian Exports Small

NEITHER Russian nor Danubian wheat shipments are coming up to the expectations entertained earlier in the year. One reason apparently is the low quality of Russian wheat, of which British millers have been loudly complaining, making much narrower the outlets for such wheat. The most recent reports discount Russia's ability to spare any great export surplus of grains. Hungarian wheat is of good quality, and Hungary seems to have more wheat to spare for export than the quantity allotted as her share of the Danubian states quota of 54,000,000 bushels, fixed under the London agreement. But the Rumanian crop appears to have been over-estimated earlier in the year, and the quality of wheat so far exported has been very poor.

Grain Briefs

Export clearances of Canadian wheat from all ports for the week ending Nov. 11, were 1,000,000 bushels more than those of the previous week, being 4,695,445 bushels, compared with 6,368,761 a year ago.

Stocks in store totalled 249,792,642 as compared with 251,796,000 bu. the previous week and 241,489 for the corresponding week last year.

Ocean shipments during the week ended Nov. 11 were as follows: From Canadian Pacific seaboard ports, 1,168,716; Canadian Atlantic seaboard ports, 3,232,729; United States Atlantic seaboard ports, 294,000; total, 4,695,445.

Ocean shipments: A week ago, 3,582,353; same week a year ago, 6,368,761; Aug. 1 to Nov. 10, 55,001,724; same period a year ago, 78,601,753; world shipments wheat and flour, 9,594,000 bushels.

Grain and Milling in Canada

GRAIN GROWERS SHOWS DEFICIT BEFORE DIVIDENDS

Still Carried In Elevators Large Part of Grain Bought

BANK LOANS HIGH

Lower Storage Charges Set By Grain Commissioners Lowered Profits—Rate Now Restored

United Grain Growers Limited showed an operating profit of $363,529 for the fiscal year ended July 31, 1933, according to the financial statement presented at the annual meeting of the company in Winnipeg last week, as compared with $917,245 in the preceding period. This was sufficient to cover bond interest of $230,365, and a substantial part of the depreciation allowance of $268,499 but left a deficit of $135,335 before dividends at $1 a share, amounting to $126,644. The latter were therefore paid out of the undistributed profits of previous years.

In declaring the dividend, the directors' report stated, account was taken of the fact that the end of the financial year did not mark, to the usual extent, completion of the grain operations undertaken during the year. A large percentage of that grain was still being carried in elevators, and the terminal and other earnings expected from its disposal, which in ordinary times would have accrued during the financial year, are yet to be realized. After payment of dividend there was carried forward in surplus account $560,350.

CONS. INCOME AND SURPLUS ACCOUNT
Years Ended July 31

	1933 $	1932 $
Net earnings*	363,529	917,245
Less: Depreciation	268,499	466,552
Bond & mtge. int.†	230,365	242,437
Income tax	......	28,043
Net profit	‡135,335	180,213
Less dividends	126,444	160,043
Surplus for year	‡261,779	20,170
Add: Prev. surp.	§822,129	808,388
Balance forward	560,350	828,558

*After taking into account special option trading, but before interest on bonds and mortgages and depreciation. †Including proportion of bond discount and expense. ‡Deficit. §After adjustments.

Restores Rates

Another cause of small earnings was seen in the reduction, during the greater part of the year, of one third from the usual rate of storage charges, or from one thirtieth to one forty-fifth of a cent per day. The Board of Grain Commissioners, the report observes, doubtless having observed the extent to which such a reduction threatened the ability of all grain handling institutions to give adequate service, has restored the former rate of storage charges from the beginning of this crop year.

The net working capital was $1,515,800 as shown by the following table:

Working Capital

	1933 $	1932 $
Current assets	9,337,172	2,934,591
Current liabilities	7,821,372	1,220,039
Working capital	1,515,800	1,714,552
Ratio	1.19—1	2.41—1

Inventories High

The grain inventory is reported at $8,300,007 with a correspondingly large total of bank loans, at $6,983,914. This, it is stated, represents the carrying of a much larger stock of grain than the company had ever before carried forward from one financial year to another, and also the highest level of bank borrowings yet recorded at the end of a financial year, although at other times company operations had required the borrowing of larger amounts. All the grain carried is kept hedged.

A sum of $239,576 was advanced on account of the Dominion Government to provide for the addition of 1,000,000 bushels additional storage capacity to the Vancouver elevator which the company leases from the Vancouver Harbor Commissioners. This amount is repayable in November, 1934.

Sold 15 Elevators

Total capital assets, after depreciation of $3,651,379, stand at $7,358,351. Funded and mortgage debt, during the year was reduced by $267,027 to a total of $4,216,391. Paid up capital stock is $3,146,850, and the addition of surplus and general reserves brings the total of shareholders' equity in the company to $5,454,649.

United Grain Growers owns 451 country elevators, with 52 annexes, 295 coal sheds, 222 supply warehouses and 160 agents' cottages. During the year 15 elevators, formerly under lease to the Saskatchewan Wheat Pool, were sold to that organization. The company's terminal elevator at Port Arthur has a capacity of 5,500,000 bushels.

The four retiring directors of the company were re-elected by acclamation. These are R. S. Law, Winnipeg; Hon. D. G. McKenzie, Brandon; E. E. Bayne, Winnipeg, and R. C. Brown, of Pilot Mound. At a subsequent meeting of the directors the previous officers were re-elected, R. S. Law, president; J. J. MacLellan, of Purple Springs, first vice-president, and John Reid, of Orcadia, Sask., second vice-president.

Hens Work Overtime

Final results of the British Columbia egg laying contest at Agassiz, 1932-33 show a total of 108,050 eggs laid by 505 birds, the average number being 214. Thirteen birds laid 300 eggs or over; 22 laid between 275 and 299; 71 between 250 and 274; 112 between 225 and 249 and 112 between 200 and 224.

Winnipeg Grain Prices

Week to November 14

Crop year from Aug. 1, 1933 High	Low		Open Nov. 8	High for week	Low for week	Close Nov. 14
		Wheat				
.68⅝	.54⅝	November	.63⅛	.66¾	.63½	.65½
.90⅞	.54⅛	December	.62¼	.65¾	.62⅛	.64⅝
.95	.59¼	May	.66⅛	.69½	.66	.68¼
.70½	.66½	July	.67	.70½	.67	.69⅜
		Oats				
.32¼	.29½	November	..	.32¼	.30⅝	.31⅛
.45⅝	.26	December	.30¼	.33½	.30¼	.31½
.48½	.29½	May	.32½	.35⅞	.32½	.34¼
.36¼	.34	July	..	.36¼	.34	.34¾
		Barley				
.36⅝	.31⅛	November	..	.36⅞	.35½	.36¼
.56⅞	.29¼	December	.34¼	.37¼	.34¼	.36⅞
.59¾	.32½	May	.37⅛	.41	.37	.38⅞
.41	.38⅝	July	..	.41	.38⅝	.39⅝
		Flax				
1.71½	1.16	May	1.43	1.50	1.43	1.49¼
1.45¼	1.36¾	November	1.41½	1.45¼	1.40	1.44
1.63½	1.11	December	1.37¾	1.45	1.37¾	1.44
		Rye				
.50½	.38¼	November	..	.45¼	.43⅜	.44⅝
.64½	.37	December	.41½	.45¾	.41½	.45⅛
.48½	.39¼	May	.45	.49½	.45	.48¾
.50	.45⅝	July	.47⅞	.50	.47¼	.49⅝

Rye Output off 32 p.c. Federal Crop Estimate

Confirming a trend already anticipated by other authorities, the second wheat crop estimate of the Dominion Bureau of Statistics shows a decline of 11,000,000 bu. in the 1933 crop, or 4 per cent less than its earlier figure. The new estimate (dated Nov. 11) calls for a total wheat yield in all provinces of 271,821,000 bushels of which 253,000,000 bushels are anticipated from the Prairie provinces.

Most significant change in the grain estimates is in rye which now appears as the smallest crop since 1917. The new figure is only 4,725,000 bushels as against 6,418,000 bushels in the earlier estimate and 7,132,000 bu. in 1932.

The 1933 production of peas, beans, buckwheat, mixed grains and corn are estimated for the first time and all, except buckwheat, show decreases compared with 1932 production. The declines, however, are not as great as expected since the summer drought was followed by rains which were of great benefit to the late-sown crops.

New wheat figures reveal Manitoba with the highest yield per acre of the three provinces.

Detailed figures for all Canada follow:

Provisional Estimate of the Area and Yield of Field Crops for 1933, as compared with 1932

	1933 Acres	1932 Bush. per acre	1933 Bush. per acre	1932 Bush.	1933 Bush.
Fall wheat	559,000	28.1	25.1	15,062,000	14,031,000
Spring wheat	25,432,100	15.5	10.1	413,452,000	257,790,000
All wheat	25,991,100	15.8	10.5	428,514,000	271,821,000
Oats	13,528,900	29.8	23.0	391,561,000	311,312,000
Barley	3,658,000	21.5	17.4	80,773,000	63,787,000
Fall rye	434,900	11.6	8.8	7,132,000	3,824,000
Spring rye	148,200	11.3	6.1	1,806,000	901,000
All rye	583,100	11.6	8.1	8,938,000	4,725,000
Peas	84,600	17.9	16.6	1,518,500	1,405,000
Beans	59,100	17.1	15.1	1,140,900	892,400
Buckwheat	398,300	22.9	21.8	8,424,000	8,664,000
Mixed grains	1,167,300	33.0	28.4	39,036,000	33,204,000
Flaxseed	243,600	5.4	2.8	2,446,000	678,500
Corn for husking	136,600	38.9	34.1	5,057,000	4,658,000

Believe U.K. Wheat Duty Not Effective Preference

Argentine Imports and Russian Dumping Thought Likely to Continue Unless Preference is Increased

Special Summary of Report on "British Preference for Empire Wheat" prepared by Food Research Institute, California

Empire preference on flour has been in effect since March 1, 1932, when the 10 per cent ad valorem duty was applied to ex-Empire flour, and on wheat from November 17, 1932, when the duty of 2s per quarter was applied to ex-Empire wheat.

The adoption of preferential duties on wheat and flour, instead of import quotas, was apparently due mainly to two facts: the vigorous opposition to the quota plan from British grain and milling interests, and the Canadian Prime Minister's urgent demand for the tariff preference.

Both duties are low, as protective duties go. The traditional aversion of the British to any "tax on bread" was doubtless an important influence toward keeping these duties low; but it did not prevent the application of a much higher levy on flour, under the Wheat Act, 1932, to finance a subsidy to British wheat growers. Even at recent levels of wheat prices, the duty on wheat appears low in the light of the range of prices for different wheats in British markets; and if and as the level of wheat prices should rise well above the recent extremely low levels, the 2s per quarter would have diminished significance.

Preference Not "Effective"

Experience during the first season of Empire preference on wheat and flour, together with reasoning on known facts, supports the inference that the preferential duties adopted will by no means reserve the British markets for Empire wheats, and will not radically increase the share of Canadian and Australian wheats taken by the United Kingdom. Other conditions operating in 1932-33 were responsible for most of the recorded increase in British takings of Dominion wheats. Argentine wheat seems likely to be imported into Great Britain, present duty paid, in much the same volume and proportions as in the absence of the duty. Among numerous factors responsible for this, the divergent seasonal course of prices in Canada and Argentina is the most important.

The effect of the duty, so long as it is no larger than at present, will be felt chiefly in a lowered export price of Argentine wheat, or increased import price, or both. In years when Russia is able to export substantial quantities of wheat, favorable shipping costs and perhaps also economies of direct acquisition of sterling exchange are likely to encourage liberal Russian exports to Great Britain over the tariff barrier.

"Distress" Wheat Imports

The United Kingdom has always received certain import wheats which in a sense were properly defined as "in distress." Illustrations are the soft white wheat of eastern Germany and soft red wheat from France. These countries have always sought to export superfluous amounts of these wheats and to import hard wheats in their stead without payment of duty or on payment of a reduced duty. The United Kingdom has always taken certain amounts of these wheats and used them, like domestic wheats, as filler wheats to blend with imported hard wheats.

We take it these wheats will continue to enter duty-paid. The United Kingdom has been the best market for these wheats; if they cannot be sold there, disposition elsewhere becomes a problem. If unexported, they depress the domestic price and the governments may be forced to market them as feed. Under these circumstances, it seems likely that some importation of these wheats will continue, present duty paid, during the autumn months. Whenever Germany or France feel themselves forced to export soft wheat in order to import hard wheat, it will probably be found cheaper and easier to send it to England and pay the import duties rather than peddle it around in other less desirable markets. In the present year, French wheat and flour are moving to Great Britain under the stimulus of a substantial export bounty.

Russian Dumping Likely

In London, early in August, 1933, it was already clear that duty-paid continental export wheat would enter England in volume this autumn. If the Russian crop is anything like the forecast of the Soviet government, duty-paid Russian wheat will also enter in significant amounts. Whenever a country has a motive for dumping wheat, it will hardly be deterred by the existing duty. It is true that under existing laws the British government has anti-dumping powers; but these have been rarely if ever invoked. The Ottawa Agreements contain provisions designed to reinforce these powers.

There is little ground for expecting effective action under such provisions. Even under normal conditions they are difficult to apply: and dumping in various guises is so prevalent in the present abnormal world that anti-dumping action would lead to endless complications. It is significant that no action has yet been taken under the extreme provocation afforded by importation of French wheat at very low prices because of a high export bounty.

U. S. Out of Picture

The case of the United States is different. Largely for other reasons, United States wheat and flour have lost their markets in the United Kingdom; but if and when these other conditions should be modified, the existing duty will continue an appreciable barrier to imports from the United States, except to the extent that shortage of Australian wheat might induce importation of Pacific wheat. After the experience of the past few years, it is difficult to prophesy when the holding of wheat in the United States will be so weak as to induce Americans to absorb the British duty in order to sell wheat within Great Britain.

The several influences which we have brought forward to explain the importation of duty-paid ex-Empire wheat in 1932-33 were not peculiar to that season, but are inherent in the wheat import trade of the United Kingdom, and will persist to greater or lesser extent in future seasons. If Empire wheat is really to be given a fully effective preference in the United Kingdom, a much higher duty will have to be imposed.

Other Trade Affected

It is, of course, to be kept in mind that wheat is only one item in a long programme of Empire marketing. Viewed as a whole, the bilateral agreement with Argentina would seem to facilitate the admission of duty-paid wheat from that country. Whether a new agreement with Russia will, if made, have this effect, remains to be seen. Quite clearly, marketing agreements between the United Kingdom and debtor foreign countries will be likely to have the incidental effect of moderating the duty on wheat from those countries.

A marketing agreement is presumably not contemplated with the single country creditor to the United Kingdom, viz., the United States. In any event, the types and qualities of American export wheats are such, in contrast with others available to the United Kingdom, as to make the duty of 2s. a quarter higher in the estimation of British mills than when applied to wheats of Argentina. In addition, the influence of the Chicago future may be counted on to augment the effect of the duty in restraining United States exports to the United Kingdom.

Argentine Position Good

In short, a review of the pertinent circumstances in the international marketing of wheat supports the interpretation of the first season of Empire preference to the effect that, in what may be called usual and normal crop years, the proportion of ex-Empire wheat entering into the annual supply of the United Kingdom will not be significantly lowered, except for wheat from the United States. Except with the occurrence of extraordinary gluts of wheat in Australia and Canada, or of exceptional shortage in Argentina, it will be found that with a duty of 2s. a quarter Argentine wheat will tend to hold its position in the United Kingdom.

When exportable wheats are freely available to the Soviet government, Russian wheat will enter duty-paid in substantial quantities.

The incidental exports into the United Kingdom, such as white wheat from Baltic Germany and soft red wheat and flour from France, will hardly find the duty formidable. Probably the duty will keep out or greatly restrain imports of American wheat and flour other than that from the Pacific Northwest, supporting the relatively higher position of the Chicago price.

Canada has indeed been given a preference over the United States in respect of hard wheat and Australia has been given a preference over the United States in respect of soft wheat; but they have not been given effective preference over Argentina and Russia. If such preference is really to be claimed by the Dominions and granted by the United Kingdom, a much higher rate of duty will need to be established.

The report summarized here is contained in the October, 1933 edition of "Wheat Studies," published by the Food Research Institute, Stanford University, California. Price 50 cents.

NO MACHINERY IS NEEDED HERE FOR WHEAT PACT

U. G. G. Believes Agreement Merely Meets Actual Conditions

From Our Own Correspondent

WINNIPEG.—That no special machinery is necessary to carry out Canada's commitments under the London wheat agreement, in respect to limitation of exports, is a conclusion expressed by United Grain Growers Limited, in the company's annual review of the wheat situation, presented to and approved by the delegates attending the company's annual meeting in Winnipeg last week.

That is because the quotas assigned represent about what is likely to be exported from this country under commercial conditions. In addition a considerable reduction in western wheat acreage, arising from natural causes, is foreseen as probable in 1934.

The agreement is discussed in the following terms:

Temporary Expedient

"After the close of the World Economic Conference in London this year a supplementary conference on wheat resulted in an agreement signed by the chief importing countries of Europe and the chief wheat exporters. The terms of that agreement have become generally known and do not require detailed discussion. It must be considered not as the beginning of a world-wide system of international marketing control, an idea which is definitely repudiated by it, but rather as a temporary expedient for dealing with what is hoped to be a temporary emergent condition. To quote from an appendix to the agreement, dealing with the consultative committee:

"'It is clear that the proposed body can only be temporary in character, as the agreements under which it may be set up are intended to deal with the immediate difficulties of the situation. No question arises of establishing any permanent committee entrusted with, the task of supervising the production of and trade in wheat.'

"It would appear that no special machinery is necessary to carry out Canada's undertakings under the agreement, as the quotas specified represent about what are likely to be exported under commercial conditions. It remains to be considered whether Canada's own interests, as opposed to her international obligations, seem to require measures to restrict wheat production.

Lower Average Expected

"A natural reduction in Western wheat acreage is to be expected in 1934 from the operation of the following causes:

"1. Abandonment of a certain number of farms which have proved unproductive in recent years.

"2. Lack of sufficient seed for normal acreage in fairly large districts. It may be doubted if seed grain allowances by governments, municipalities, landlords, and mortgage companies will be on a sufficient scale to overcome this deficiency.

"3. Some tendency to switch from tractors to horsepower, and consequent increase of oats acreage at the expense of wheat.

"4. Inefficiency of available horsepower in many districts, due to poor condition from lack of feed.

"5. Attempts on the part of farmers to build up farm reserves of feed, more especially in districts where crops have been poor in recent years. It is obvious that the country would have been better off this fall with less wheat in elevators, and much greater supplies of feed in various districts, and it is probable that large acreage may be affected by the consideration that individual farmers give to this.

"6. The probable necessity in grasshopper-infested areas of leaving considerable areas fallow to assist in the fight against a threatened plague.

"7. With no apparent prospect of high wheat prices in the immediate future, a tendency to increase the area of fallow land to fight weeds and to conserve moisture may be expected.

Grasshopper Menace

"Production of wheat in Western Canada in 1934 is at least threatened by grasshopper infestation over a larger area than was the case in 1933. That, taken along with the probabilities of acreage reduction makes a large crop at least unlikely, unless weather conditions are unusually favorable, a condition that would upset any reduction plan.

"Sale of wheat by farmers during the current and the following year is likely to be reduced to some extent by endeavors of farmers to build up farm reserves of grain while prices are low, a process now in progress, although largely limited by the financial necessities of farmers.

"All these factors will doubtless be taken into consideration by the Dominion and provincial governments in determining whether or not any legal measures are desirable toward limiting production of wheat in Western Canada in 1934, for the difficulties of interfering with a farmer's rights to conduct his farming operations are probably recognized by everyone. Should, however, the crop of 1934 prove to be unexpectedly large, and the opportunities for sale during 1934-35 look smaller than now seems probable; and should an increase in the Canadian carryover at July 31, 1935, be threatened, some measures either to restrict wheat growing in the following year, or the disposal of large quantities through unusual channels, will, doubtless, come under discussion. But whether that problem will arise, or its extent, if it does arise, will depend essentially upon weather conditions, not only in Canada but throughout the world, and political and economic factors yet to be determined."

FEDERAL POLICY WELL JUSTIFIED SAYS McFARLAND

Saskatchewan Pool Delegates Hear Good Fiscal Report

From Our Own Correspondent

REGINA.—The report of John I. McFarland, general manager of the Wheat pools made to shareholders of the Canadian Co-operative Wheat Producers Ltd. and later made available to Saskatchewan wheat pool delegates at their annual meeting reveals that the world is eating more wheat products than it consumed in years of prosperity and that the world is producing more wheat in spite of the fact that record quantities have been fed to livestock.

He is encouraged by the belief that progress has been made leading to improvement of the world situation and states that Prime Minister Bennett was amply justified in accepting the London agreement which secures for Canada a fair share of the world demand.

Europeans Well-fed

Mr. McFarland does not present a picture of under-fed Europeans who are unable to afford to purchase wheat. The facts as he presents them are that in the six-year period 1924-29 inclusive, importing countries of western Europe consumed an annual average of 1,622,000,000 bushels. That figure represents what those countries were using in the years when we considered there was normal distribution or shortage of food. Those were years of high prices. In the years 1930-32 inclusive, consumption of those same European countries averaged 1,645,000,000 bushels and those were years when it was claimed maldistribution and under-fed people and ruinous prices existed.

In the year just closed, 1932-33, the imports plus home-grown crops in those same countries amounted to 1,714,000,000 bushels or 69,000,000 bushels more than was consumed annually in the previous three-year period.

Supports Government Operations

Marketing students, he maintains, are of the opinion that prices would have been very much lower had it not been for government supporting operations. It is certain the farmers benefitted to the extent of many millions of dollars. It must also be admitted that the greatest stabilizing factor has been the fact that the huge United States surplus has been held off the world market.

He also makes the statement that unless Canada and other wheat countries enforce terms of the London agreement and reduce their acreage, then on a basis of the law of averages our wheat production is going to be so much in excess of requirements as to render it practically unsaleable. The pools must do their share of obtaining a lower acreage, he says.

World Picture

There is no maldistribution of wheat or flour. The world is eating more wheat products during these years of depression than they consumed in the years of prosperity and the world is also producing more and in spite of the fact that record quantities have been fed to animals, particularly in North America, being estimated in excess of 300,000,000 bushels, yet the carryover at the end of July had not been reduced.

Immediately before the war the total international trade in wheat had increased to about 667,000,000 bushels per year and Canada secured 14 per cent only. From 1920 until 1930 the world trade averaged 762,000,000 bushels per year and Canada secured 36.6 per cent of it. The world trade is now estimated to have shrunk to 560,000,000 bushels for the coming year and the London agreement gives us 200,000,000 bushels or 35.7 per cent of it. "I feel," he says, "that we can expect no more than this percentage and if the importing countries now require to import 200,000,000 bushels less, what power have we to compel them to buy a commodity in excess of what they require?"

Saskatchewan Pool Figures

The Saskatchewan pool for the crop year 1932-33 handled through its elevators a total of 91,370,045 bushels of all grains. The greater bulk was wheat. The percentage the pool handled of the entire grain crops was 43.02 compared to 40.22 in 1931-32. Of the total sent through pool elevators or loaded over the platform, 74,114,619 bushels was handled by the five terminal elevators. Buffalo handled 15,822,437 bushels.

Total revenue of the Pool Elevators and the Saskatchewan Terminal elevators combined amounted to $9,085,557 with operating expenses of $6,288,170, leaving combined operating earnings of $2,797,387 compared with operating revenue for the previous year of $1,803,874 before providing for depreciation and mortgage interest amounting to $1,363,178 leaving a net earning of $1,434,208. After subtracting pool expenses and interest on 1929 overpayment, a net profit of $814,030 is shown. From this $100,000 has been set aside as a reserve for a sinking fund in connection with the company's share of the 1929 overpayment. The balance, $714,030 has been transferred to the undivided profits account. During the last two years bank credits of the Saskatchewan pool were guaranteed by the Dominion government. This is no longer needed, the financial report states and there are no government guarantees in connection with this year's credits.

The Buffalo terminal was leased to the Cargill Grain Company, Minneapolis, for one year from April 15 but the grain handled by that elevator is now mostly United States grain for New England consumption. The elevator has been appraised, offered for sale but no bids have been received.

Other business transacted was the passing of a resolution endorsing the London wheat agreement and demanding the appointment of a wheat board which would not only handle the marketing of the Canadian crop but would also establish sales quotas for individual farms.

Calgary Grain Exchange Is Closed After 30 Years

The Calgary Grain Exchange will be closed after an existence of 30 years as a result of a decision arrived at by members of the Exchange. C. W. Roenisch, president, stated that during the past few years the grain exchange section of the Merchants' Exchange in Vancouver had increased its services and facilities for grain trading so as to fully keep pace with the growth in the movement of grain through that port. Every facility necessary in an important grain market was now available in Vancouver and all export firms had their own offices or were represented there by agents. As a result of this trading in grain had moved to the point where the facilities were available and that there was no longer the necessity which formerly existed for the Calgary grain exchange.

As all market prices for grain raised in Alberta were based either on Winnipeg or Vancouver prices, the closing of the exchange would in no way be detrimental to the interests of Alberta producers. As in all other lines of business, the grain trade found the need of eliminating all unnecessary expenses and the large majority of firms represented in Calgary had for these reasons decided they were no longer justified in shouldering the expense of keeping up the Calgary exchange.

World Wheat Shipments Show Downward Trend

World shipments of wheat and wheat flour for the week ending November 6, amounted to 9,358,000 bus. as compared with shipments of 10,153,000 bus. for the previous week and 14,352,000 bus. for the corresponding week last year. Shipments from North America decreased 300,000 bus., while Australian clearances increased by 500,000 bushels and shipments from Russia decreased by 500,000 bus.

During the first fourteen weeks of the present crop year world shipments amounted to 140,000,000 bus. compared with 148,000,000 bus. for the corresponding weeks last year. North American shipments have amounted to 63,000,000 bus. compared with 93,000,000 bus. last year. Since August 1, 1933, the Argentine has cleared 30,000,000 bus. of wheat compared with 11,000,000 for the same weeks last year. Australian shipments have also been slightly heavier than last year.

September Sea Catch Is Greater in Value

Sea fisheries yielded a smaller catch to Canadian fishermen during September than was the case in September, 1932, but landed value was higher than a year ago due to increased prices. Total landing from sea fisheries in September was 834,292 cwt. as against 1,006,268 cwt. in September, 1932. Landed value in September, 1933, was $1,292,125, a gain of $277,700 over September, 1933, values.

	September 1933	September 1932
Atlantic Coast:		
Catch	488,882 cwts.	439,997 cwts.
Landed value	$632,240	$488,855
Pacific Coast:		
Catch	345,410 cwts.	566,271 cwts.
Landed value	$659,885	$525,535

St. Lawrence Flour Mills Co. Limited
• • •
St. Lawrence Flour
Four brands of equal purity
REGAL / FLEUR DE LIS
PREMIER / DAILY BREAD
D. A. CAMPBELL, President.
T. WILLIAMSON, Vice-President and Managing Director.
Made in the most modern and best equipped mills of North America, at the cheapest point of distribution in the world.
Mills at Montreal, Canada
Offices: 2110 Notre Dame Street West, Montreal.

NATIONAL ELEVATOR CO., LTD.
HEAD OFFICE: WINNIPEG, MAN.
Western Office: Calgary and Edmonton, Alta.
Operating 123 Country Elevators in the Three Western Provinces.
TERMINAL OFFICE: FORT WILLIAM, ONT.
We Specialize in Oat Sacking for Eastern Trade and the Manufacture of Poultry Feeds

NORRIS GRAIN COMPANY LIMITED
Grain Exchange—Winnipeg 200 Bay Street—Toronto
PRIVATE WIRE SERVICE
Consignments and Futures Solicited
Offices:
Liverpool, London, Chicago, New York, Toledo, Kansas City

FEDERAL GRAIN LIMITED
OPERATING-TERMINAL-ELEVATORS
FORT WILLIAM-PORT ARTHUR-VANCOUVER
423 COUNTRY-ELEVATORS-THROUGHOUT-THE-WEST
101-COAL-SHEDS
OUR-SERVICE-AND-FACILITIES-GUARANTEE-SATISFACTION

WESTERN GRAIN COMPANY LIMITED
Country Elevators Serving the Producers in
MANITOBA, SASKATCHEWAN AND ALBERTA
WESTERN TERMINAL ELEVATOR, FORT WILLIAM
Cash and Futures Business Solicited
HEAD OFFICE GRAIN EXCHANGE WINNIPEG

RELIANCE GRAIN COMPANY LIMITED
Owners and Operators Country Elevators and Terminals
Exporters and Shippers
New York:
Smith Murphy Co. Inc., 510 Produce Exchange
Head Office: 919 Grain Exchange, Winnipeg
Branch Offices: Toronto and Vancouver

Grain Merchants Shippers & Exporters
Owning and Operating
Terminal Elevator at Port Arthur
(Capacity 5,500,000 bushels)
Over 250 Elevators in Western Canada

Est'd 1857
JAMES RICHARDSON & SONS LIMITED
WINNIPEG • KINGSTON • MONTREAL • VANCOUVER • CALGARY • EDMONTON • MOOSE JAW • SASKATOON • REGINA • TORONTO

Your Investments

Letters from subscribers to The Financial Post, who desire information bearing on their Canadian investments, will be answered by an early mail, and questions of general interest will be answered on this page. We cannot extend this service to non-subscribers nor do we answer enquiries relating to American stocks or foreign securities generally. A three-cent stamp or stamped envelope must be enclosed. Write mining and insurance enquiries on sheets separate from other investment enquiries. No answers can be given by telephone or telegram. We do not select lists of securities but will supply current facts about securities in a list you may supply. Nor do we attempt to make any forecasts of the probable trend of any security. The service, in other words, is one of fact and not of opinion.

Even English Company Law Reveals Some Big Loopholes

While Canada Grapples With Problem of Protecting Investors, Reforms Are Urged on Britain Too

In "Shareholders' Money"—which is an analysis of certain defects in company legislation in the United Kingdom with proposals for their reform, Horace B. Samuel, the author, considers it imperative to establish "an adequate system of sign-posts, patrols and refuges on the financial hill while there is yet time, instead of waiting until the helter skelter speed of a new boom has filled the financial hospital with a fresh crowd of casualties."

Our Law and England's

Though this book of 392 pages deals with the position of the private investor vis-a-vis the public company in the United Kingdom, it will be of absorbing interest to Canadians interested in company legislation because company law in Canada derives in essentials from English company law and because in Canadian courts many decisions in courts of England are referred to from time to time.

At a time when this subject is very much in the public view in Canada and especially when the necessity is urged so vehemently of greatly improving company laws in the various provinces and in the Dominion and of bringing them together in a co-ordinated body of laws which will cut out jurisdictional squabbles throughout Canada, it is interesting to note that this writer considers that even in England company laws fall far short of the sound and salutary system needed. He is inclined to think that the intensive reforms introduced recently in the United States of America in company law, especially as they are accompanied by attacks on some of the most dignified representatives of the established system and of the defeated political party, will give some stimulus to company law reform in England. This is also the hope and expectation to some extent of Canadians who have been working for the improvement of their laws.

Accounts Only One Phase

The author feels that the present impetus of company law reforms in the United Kingdom tends mainly to be confined to the question of company accounts. Though these are very important he feels that in such wide and important matters as the requirements and responsibilities for prospectuses, the duties and liabilities of directors, the protection of debenture holders, the duties and liabilities of trustees for debenture holders the law is riddled with loopholes.

It is his object in this book and he supports his various conclusions by concrete examples, to show that loopholes do exist in the law and to formulate a scheme by which they can be blocked. The author includes a draft bill which he believes would close up all the loopholes now existing in the law.

Mr. Samuel quite recognizes that some force of really serious momentum will be needed to push the Government to amend the company law. That seems to be true in Canada and in other countries as well. He believes, however, in the existence of forces, particularly among the masses of victimized investors, and among the more progressive ranks of the accountancy profession anxious to reform the company law. He believes Parliament will be obliged, either piecemeal or at one blow, to do away with those positive or negative features of the law which constitute "a definite and specific encouragement to the formidable vested interests of promoters and directors to batten on the money of the shareholders of the country."

"Shareholders' Money" is published by Sir Isaac Pitman & Sons (Canada), Toronto, at $4.50.

Enquiries

Montreal Tramways

Have you any information on the finances of Montreal Tramways Co.? Are their earnings being maintained? I noticed the company had to cut its dividend.

Montreal Tramways' operations in the last two years have been restricted, resulting in a decline in the amount of revenue available to the Montreal Tramways Commission. The latter, in order to meet charges of the Montreal Tramways Co. and rentals to the City of Montreal, had to draw upon reserve in 1932 to the extent of about $500,000. This, of course, does not directly affect the company, as under the terms of its contract with the commission, it is entitled to a fixed return on its capital. The company was affected, however, by heavy premiums paid on the purchases of United States funds in order to meet interest payments. This charge was so heavy that the company found it necessary last year to reduce the dividends on its common stock. In the last six months, however, the premium on United States funds has been considerably less and the company has been able to increase the dividend.

Canadian Hydro

What is the current position of Canadian Hydro-Electric Corp.? Have earnings declined or are they still in excess of dividend requirements?

Canadian Hydro-Electric Corp.'s position has not undergone any adverse developments over the past year. The company is marketing its power and revenue is well maintained. Last year the dividend was earned by an ample margin. The principal weakness in connection with this company, of course, is its close connection with the newsprint industry. Until that phase of the situation shows signs of strengthening Canadian Hydro's preferred stock will sell at a discount. The newsprint situation has not shown any further weakness.

Steel of Canada

Will you be kind enough to let me have your opinion on the stock of Steel Co. of Canada?

You do not mention whether you hold the common or preferred stock of Steel Co. of Canada. This company holds a strong position in the steel trade and over a period of many years has built up strong reserves. While earnings in the last two years have not been satisfactory, the company has been able to take care of its dividends without impairing its liquid position. Without an improvement in trade it is possible that the management may take steps to reduce the distribution on the common stock. As for the preferred stock, we do not anticipate that similar action will be taken unless conditions become worse than they are at present.

Wanted — A Good Broker

Please give me the name of a good broker on the Toronto and Montreal Stock Exchanges.

According to the policy laid down for the answering of enquiries on investment matters in The Financial Post, the name of any particular broker cannot be suggested to you as being better than his fellows.

All brokers who are members of the Toronto and Montreal Stock Exchanges are subject to very strict regulations and a stringent code of ethics to which members must subscribe or depart. You will see advertisements of various brokerage firms from time to time in The Financial Post.

Service Stations

Will you advise me concerning Service Stations Equipment? Do you consider it worth while for me to hold on till spring or some such later date?

As you have Service Stations Equipment last financial statement before you, you are fully aware of the very large scaling-down of assets and stocks made so as to have the balance sheet represent the present situation instead of that which existed several years ago. At that time service station equipment was in exceedingly active demand because service stations were being placed at various points all over the continent. Good roads were pushed during the last decade to an extent never before known and this led to extension of automobile travel and further building of service stations. The demand for equipment was enormous. This company got a large share of that business and made a great deal of money. It also established other lines on which it has done quite well.

The company has excellent direction and apparently a good prospect over the long period due to its strong financial, liquid position and to the good position already established in the industry but the bonanza days are over for a considerable period.

You appear to be thinking of a short hold and hoping for higher prices next spring. As to that no one can say. Even if better business comes it is expected that expansion of service stations will be on a much more careful scale than formerly and business will be mainly of the type of replacing obsolete or out-of-date equipment and selling equipment for new service stations established on only a small percentage of the scale of some years ago.

Oil Royalties

In June of this year when crude oil was selling down to 25 cents per barrel, I purchased a seasoned oil royalty interest in the Oklahoma City field to yield me approximately 1½ per cent per month, i.e., 18 per cent per year. Since then, despite the advance in the price of crude oil to $1 per barrel, the returns from my purchase have fallen off to about 1 per cent per month on account of the new conservation measures under the oil code.

I would appreciate your opinion as to (1) the wisdom of making any further commitments in United States crude oil as commodity investment at the present time, (I can afford to lose).

(2) the probable degree of conservation or proration that will be exercised under the new Federal Oil Code.

Taking the long view it has been the general opinion of The Financial Post that long distance investments in Oklahoma oil royalties are rather hazardous for Canadians. They have to depend a great deal on what they are told with respect to districts in which they hold their royalties.

You speak of a seasoned oil royalty. We are inclined to think there is no such animal. The well which shows the largest return at the time of sale of the royalty is often at its peak and from then on there is likely to be diminishing returns. All you can hope to get is your share of the oil now in the well when it is allowed to come out. Under the oil code curtailment is stricter than ever. The degree depends on consumption. Oil production and consumption are now married and each district gets its quota.

Ford of Canada

Will you please tell me the present situation of Ford Motor Co.?

If one buys a security of Ford Motor Co of Canada he would do it because of the splendid record of the company, because of its present strong financial condition, because of its affiliations with other Ford motor companies in the United States, England and elsewhere, because it has exceedingly able engineering advice at its disposal and because the general trend in times of prosperity favors the automobile industry.

The company is not earning enough for dividends at present, it is understood, but this does not mean that in a time of prosperity it will not be able to do so. The automobile industry naturally has its periods of greatest earnings and developments in a period of prosperity because then purchasing power is high enough so that people can indulge their desire for cars. There is no doubt about the desire. All that is needed is sufficient purchasing power to enable people to make their desires effective. The rest will follow.

Canada Permanent

One of our clients has asked for an opinion as to the desirability of the debentures of Canada Permanent Mortgage Corp. as an investment. We understand that they are highly regarded, but would like an opinion.

The Canada Permanent Mortgage Corp. is one of the oldest and largest of Canadian loan companies. The company has paid dividends regularly on its stock since 1860 and there is no reason to believe that the company cannot successfully pass through the present depression as it has the depressions of the last seventy years.

The debentures issued by Canada Permanent Mortgage Corp. are generally regarded as sound as those issued by any other loan company in Canada. On October 18, the company reduced the rate of interest that it will pay on new debentures to 4¾ from 5 per cent. This is in line with the action being taken by other trust and loan companies and is a reflection to some extent of the lower yields obtainable on Dominion of Canada bonds as well as an indication that the company is not anxious to secure any great volume of new money.

Canada Permanent Mortgage Corp. issues coupon debentures maturing in from one to five years on which interest is paid semi-annually. The corporation also issues an accumulative debenture with a five-year maturity on which interest is compounded semi-annually but is not paid until the debenture matures.

Massey-Harris Bonds

Should I hold or sell my Massey-Harris Co. 5 per cent bonds, due Oct., 1947?

Although Massey-Harris Co. is the leader in the agricultural implement industry in Canada and would benefit materially if there was a considerable improvement in purchasing power in the farm sections of the Dominion, the fact is that during the last few years it has had very large losses and has been unable to collect as yet the greater part of its outstanding bills receivable from farmers and its sales of completed implements have been but a fraction of the totals in the boom years.

In considering the position of the bonds it is to be expected that the interest will be paid so long as the company has money available. However, it owes a considerable amount to the bank and this has to be cleared off as well. The company has good management but its interests are world-wide and depend on many world-wide factors. An improvement in business over the world would be a decided advantage to Massey-Harris. It can hardly recover to a point that puts its bonds once again in a high class investment category until there is this marked improvement, not only in Canada but elsewhere for farmers.

Goodyear, Ford

I sold out holdings of stocks some years ago at a loss, but I was money ahead to do so. I have some in first mortgage at 8 per cent for three years, and I am watching some good preferred stocks such as Goodyear Tire waiting for them to get down to rock bottom which I feel will be during the winter when sales are at lowest point, but want to hang on to some cash to invest in Ford A when it gets to the bottom, as I believe that it will be a better investment than it was for the buyer last winter.

Goodyear Tire Company of Canada has given an excellent account of itself through most of its history. It has had excellent management during that time and it owes a great deal of its progress to that fact. Nevertheless it could never have made the outstanding success it has made if it had not been for the marvellous expansion of the automobile in that period, especially during the last 12 or 13 years. The depression has caused a halt to the quick expansion made up to about 1930 but there is every reason to believe that when the next period of good times comes the buying of motor cars will proceed at the same old merry pace and good roads be expanded in order to serve them. That naturally will put money in the pockets of the best tire companies.

It is, however, an industry which is subject to considerable competition and leadership can only be kept by a company such as this by keeping up quality and by keeping down costs and by giving a good article whenever and wherever it is wanted throughout the Dominion. The company has been able to do that up to the present time. The greater lifetime of tires and the smaller profit margins make against as high profits as were made some years ago but nevertheless the position is apparently well fortified at present for the dividends on the preferred stock.

Ford A dividends are neither being paid nor earned at the present time but, as you realize, there will be an opportunity for a holder of this stock if a period of active business comes in which the purchases of motor cars shoot up. Your choice of this stock is as good as any in view of the impressive earnings record of the company during most years previous to 1928 and one or two years agter the change-over to the new cars and before the depression set in. The company is carrying on aggressive advertising at the present time and if the trend recently to more active business grows in volume and people become less depression-conscious, prospects for better earnings would improve.

Canadian Goodrich

I have been trying to secure some information on the financial position and earnings of Canadian Goodrich Co. I hold some of the company's income bonds and would like to know if there is a market for them.

Though the trading profit of Canadian Goodrich Co. showed an improvement in 1932, the financial position of the company has not undergone any material change. Loans from associated companies stand on the books at nearly $1,700,000 while income bond interest continues unpaid. It is rather difficult to give you an opinion on the probable future of the company, but it may be of some help to you to know that the market on the 7 per cent income bonds has been around 29½ to 30 for more than a year. This price is subject to confirmation.

Shawinigan

It would be appreciated if you would let us have your opinion on Shawinigan Water and Power Co. Has there been an improvement in the company's position in recent months?

Shawinigan Water and Power Co.'s position has undergone an improvement in recent months. While sales of power have been at a high level over the last year, income has been restricted owing to the fact that large blocks of power have been sold on a secondary power basis for use in electric steam boilers. Another handicap has been the fact that the company in order to meet interest payments in New York funds, has had to pay a very heavy premium. This premium has been practically wiped out lately, and as a result, earnings available on the common stock might show an increase this year, even though gross and net operating income is not any larger than it was in 1932. If the exchange situation continues favorable during 1934, then it would not be surprising if the company were able to show better than $1 a share on the common stock, always provided, of course, that gross income is maintained. We do not see any particular reason at this time why the gross income should not be maintained, inasmuch as the position of some of the company's principal customers has shown signs of definite improvement.

Gatineau Power

I will be pleased to receive the following information: I understand Gatineau Power bonds are all controlled in New York. Is the Ontario Hydro contract for Gatineau Power through New York? If the American dollar is at a discount in Canada, will it affect the earnings of Gatineau Power to the extent of the discount as far as Ontario Hydro contract goes?

Capital stock of the Gatineau Power Co. is controlled by Canadian Hydro-Electric Corp., which in turn is controlled by International Hydro-Electric System, which in turn is controlled by International Paper and Power Co. of New York City. Very few of Gatineau bonds are held by any of these controlling companies. Gatineau bonds were sold to the public and while there are no accurate figures to indicate their distribution, we are inclined to think that the holdings in this country are nearly as large as those in the United States.

We do not quite understand what you mean when you ask if the Ontario Hydro contract with Gatineau Power is "through New York." Ontario Hydro made a contract with the Gatineau Power Co., a company incorporated under Dominion charter and with head offices in Ottawa, Ontario. This contract called for payment in either American or Canadian funds at the option of the company. This statement applies only to the main contract of 250,000 h.p.

B. C. Power

Can you let me have some information on the current position of B. C. Power Corp., more especially in regard to the possibility of the present dividend being maintained? Do you regard the long term prospects of the company as favorable?

British Columbia Power Corp.'s income has been on a lower basis and the income account for the year ended June 30, 1933, showed earnings on the Class A stock of approximately $1.50 a share. Since that time interim monthly operating reports show that net income has been maintained on about the same basis as a year ago. Without an improvement in income, it is to be expected that the directors will reduce the dividend on the Class A shares from $2 to $1.50 or even lower. Such a step might be advisable in order to preserve liquid resources.

There is nothing inherently wrong in the company's position. Its operations have been adversely affected by the general depression in business and with an upward swing in conditions, it would not take the company long to restore its earning power. Meanwhile the immediate outlook for the company is not too promising, but if you are considering the stock in the light of a long hold, then there is no particular need to worry about the situation at this time.

Mining Enquiries

Mining questions and problems submitted by subscribers of The Financial Post will be answered by letter and those of general interest will be published on this page. We cannot extend this service to non-subscribers. A three-cent stamp or stamped envelope must always be enclosed to cover the direct reply. Write general investment and insurance enquiries on sheets separate from mining enquiries. No answers can be given by telephone or telegram.

Lakeland Gold Mines

I would like a report on the affairs of Lakeland Gold Mines. What chance do you consider that it has of becoming a producer and a dividend payer?

Lakeland Gold Mines has a property west and north of the producing section at Kirkland Lake. To date this area has not given conclusive evidence of importance, although a number of properties have been promoted and prospected in the area. Lakeland has met with a measure of success in finding small ore shoots, but has found nothing to date that gives strong hope of sustained earning power or that the company will become a dividend payer. There has been a great deal of promotional activity in connection with the affairs of the company and a mill is in the process of erection, but somewhat prematurely, having regard for the amount of work done and amount of ore delimited in the opinion of conservative mining men.

Fiske Gold Mines

What is the outlook for Fiske Gold Mines making a mine? I have been told that it has great mine making possibilities.

Fiske Gold Mines suspended operations in 1928 owing to lack of funds after doing surface work and sinking a shaft 50 ft. deep. About a year ago the company was engaged in refinancing, but our understanding is that this did not meet with sufficient success to enable a conclusive programme to be resumed. The company's property in Rouyn township, Quebec, adjoins that of the Granada Gold Mines, currently in a production which to date has not been profitable.

Rackets

Racket: "A trick, dodge, scheme, game, line of business or action."—Shorter Oxford English Dictionary.

Fake Telegrams

ANOTHER petty racket was disclosed in Montreal recently in which householders are the victims. A messenger appears at the door with what appears to be a telegram or an express parcel sent "collect." The charges may be under $1 for the telegram, or range as high as $2 or $3 on the parcel. The unwary householder pays the charges only to find that the envelope does not contain a telegram or that the parcel does not contain goods of value. By that time the messenger has disappeared.

* * *

Make Kidnapping a Business

REPORTS from Chicago indicate that state and federal officials believe two gangs of kidnappers had received $900,000 in ransoms from victims during the past two years. One gang secured $500,000 in this period and the Roger Touhy gang, which had engineered 25 to 30 kidnappings, had received $400,000. The latter gang was responsible for the kidnapping of John (The Barber) Factor for which crime seven of its members were recently indicted.

The number of crimes committed by these gangs and the ransoms collected show that kidnapping has developed into a business in the United States if not in Canada. In one gang, several of the members are college men and with but one exception they did not have police records. Their victims were chiefly those who would not appeal to the police for aid.

* * *

Venture in Matrimony

FELIX SKIBICKI wanted a mother for his nine children so he answered the advertisement of a "refined lady" in a matrimonial journal devoted to the cause of bringing widely separated hearts in a closer harmony. After an exchange of letters the "refined lady" appeared with $6,000 in cash which was united with Felix Skibicki's savings of $12,200 in his safe deposit box. Later he visited the box and found not $18,200 but just one bunch of celery. Felix still wants his "refined lady" but not as a mother for his nine children.

We recommend for your investment—

	Price	Yield
DOMINION OF CANADA		
4½% Bonds—due 1 November, 1958	100.00	4.50%
PROVINCE OF ONTARIO		
4½% Bonds—due 1 June, 1950	100.00	4.50%

Additional suggestions may be found in our November List which will be mailed to you upon request.

DOMINION SECURITIES CORPORATION LIMITED
TORONTO MONTREAL WINNIPEG VANCOUVER NEW YORK LONDON, ENG.
15 King Street West, Toronto

AN INVESTMENT returning you $100.00 for investing $79.09 for 5 years

Canada Permanent accumulative bonds with interest at 4¾% per annum compounded half yearly offer an attractive opportunity for the safe and remunerative investment of sums large or small.

FOUNDED 1855

CANADA PERMANENT Mortgage Corporation
320 Bay Street, Toronto
Assets exceed $70,000,000

M.Y.&S.

Members Toronto Stock Exchange

Accounts carried on conservative margin. Orders executed on all exchanges.

McLeod, Young & Scott
Metropolitan Building, Toronto

D. I. McLeod J. Gordon Weir
W. Ewart Young J. H. Ratcliffe
W. R. Scott

EIGHTY-FIFTH ANNUAL REPORT OF THE CONSUMERS' GAS COMPANY OF TORONTO

Year Ended 30th September, 1933

Your Directors present herewith the Eighty-fifth Annual Report of the operations of the Company, together with the Financial Statements for the year ended September 30th, 1933.

The results of the Company's operations reflect the unparalleled economic depression which has continued throughout the year; but the figures which we are now able to present concerning this Company, when compared with those of other industries, are distinctly favorable and encouraging.

The revenue, expenses and operating results are summarized as follows:

Gross Earnings	$7,027,643.84
Operating Expenses	5,264,577.32
Net Earnings	$1,763,066.52
Transferred from Special Surplus Account	21,205.62
Transferred from Reserve Fund	555,675.30
	$2,339,947.44
Interest, Dividends, and Plant and Buildings Renewal Fund	$2,339,947.44

The revenue from the sale of gas for 1933 was $5,459,076.45, a decrease of $338,925.54, or 5.84% as compared with 1932. The sale of gas for domestic purposes, while somewhat below that of last year, has been relatively well maintained. The sale of gas for use in industrial plants, which showed a considerable reduction in the years 1931 and 1932, has declined still further during 1933 but to a lesser extent, and there has been a definite improvement in conditions during the later months of the year.

The number of gas meters in service at the close of the year was 170,271, a decrease of 2,257, or 1.3%. This decrease is accounted for by the number of families which, for reasons of economy, have been compelled for the time being to vacate their individual residences and live in rooms.

Taxes constitute a very important and uncontrollable item in the Company's expenditure. The total sum paid in taxes by the Company during the past year to the Dominion and Provincial Governments and to the Municipal Corporations, and including Customs Duties, Excise Tax, Sales Tax, Fees, Licenses, etc., has amounted to $828,250.88, a sum which is equal to more than 15 per cent. of the total revenue from the sale of gas.

Some of the more important items of new taxation levied upon the Company during the year were (1) an increase in the Dominion Income Tax through the cancellation of the exemption of certain earnings formerly allowed to corporations, and an advance in the rate of taxation from 11.55% to 12.5%, and (2) the extension of the Sales Tax of 6% to include all purchases of Fuel Oil. These items alone represent an addition of $32,000.00 annually to the already enormously large burden of taxation borne by the Company, the total, as already stated, amounting to $828,250.88.

Unless some relief is afforded the Company from this excessive burden of taxation, it is difficult to see how an increase in gas rates can be avoided.

Exchange on remittances to the United States has amounted to the sum of $45,120.38.

The subject of the collection of overdue gas accounts has given your Directors much concern. A policy of extreme leniency has been followed in cases where careful investigation has revealed evidence of customers being in distressed circumstances through unemployment, sickness or other misfortune. Provision has been made in the operating expenses to cover possible loss from uncollectible accounts.

Constant effort has been made during the year to effect reductions in operating costs where this could be done without impairing the efficiency of the service rendered to our customers.

The Manufacturing Plants, Distribution System and other properties of the Company have been maintained in good physical condition and up to a high state of operating efficiency throughout the year.

The following statement for the past year, compared with the preceding one, shows:

	Meters	Gas Sales
Year ended September 30th, 1933...	170,271	$5,459,076 45
Year ended September 30th, 1932...	172,528	5,798,001 99
Decrease	2,257	$338,925.54

All of which is respectfully submitted.

A. W. AUSTIN,
President.

STATEMENT OF INCOME AND PROFIT AND LOSS
For Year Ended September 30th, 1933

GROSS EARNINGS:		
Gas Sales	$5,459,076.45	
Residuals Produced	1,400,346.17	
Merchandise Sold	161,302.20	
Miscellaneous Revenue	6,919.02	
		$7,027,643.84
Production, Distribution and Administration Expenses and Taxes		5,264,577.32
NET EARNINGS		$1,763,066.52
Interest Earnings		102,386.54
		$1,865,453.06
Transferred from Special Surplus Account		21,205.62
Transferred from Reserve Fund		555,675.30
		$2,442,333.98
Dividends	$1,405,520.00	
Plant and Buildings Renewal Fund	1,036,813.98	
		2,442,333.98

BALANCE SHEET OF THE CONSUMERS' GAS COMPANY OF TORONTO
September 30th, 1933

LIABILITIES

Capital Stock		$14,055,200.00
Reserve Fund:		
Authorized under Act of 1887	$1,000,000.00	
Transferred to Profit and Loss September 30, 1933	555,675.30	
	$ 444,324.70	
Premium on Capital Stock	6,993,908.11	
		7,438,232.81
Plant and Buildings Renewal Fund:		
Amount at Credit October 1, 1932	$2,853,195.39	
Less Repairs and Renewals	567,315.93	
	$2,285,879.46	
Appropriation from Earnings, Authorized by Statute	1,036,813.98	
		3,322,693.44
Reserved for Dividend No. 334		351,380.00
Provision for Exchange and Dominion Government and other Taxation		40,659.22
Sundry Accounts Payable		282,180.98
		$25,499,346.45

ASSETS

Real Estate, Plant and Equipment	$21,596,343.58
Other Investments	1,998,179.00
Materials and Supplies	856,392.54
Cash in Bank and Offices	174,793.84
Accounts Receivable, after making provision for Doubtful Accounts	735,078.08
Interest Accrued, not due	40,196.83
Prepaid Taxes and Insurance	98,363.58
	$25,499,346.45

Approved on behalf of the Board of Directors.

A. W. AUSTIN, President.
ARTHUR HEWITT, Vice-President and General Manager.

We have audited the accounts and vouchers of The Consumers' Gas Company of Toronto, for the year ended September 30th, 1933. Our requirements as Auditors have been complied with and in our opinion the above Balance Sheet sets forth a correct statement of the Company's affairs as shown by its books.

(Signed) W. E. SAMPSON, I.P.A.
EDMOND GUNN, F.C.A. } Auditors.

TORONTO, 27th October, 1933.

The following gentlemen were elected Directors for the ensuing year: A. R. Auld, Esq.; A. W. Austin, Esq.; T. Bradshaw, Esq.; A. H. Campbell, Esq.; L. Goldman, Esq.; Arthur Hewitt, Esq.; Col. J. F. Michie; F. G. Osler, Esq.; T. H. Wood, Esq.

At a meeting of the Board held subsequently, Mr. A. W. Austin and Mr. Arthur Hewitt were re-elected President and Vice-President, respectively.

Insurance for Buyer and Seller

STRONG DEFENSE VOICED OF STAND AGAINST ARSON

Ten Years Effort by Fire Insurance Firms Not in Vain

UNITED FRONT

Head of Investigation Bureau Tells of Excellent Results Obtained in Canada

Does fire insurance, as carried on in this country, offer an incentive to Canadian citizens to "burn" their own homes?

The question is a timely one in view of articles which have received wide publicity in the United States and which point a challenging finger at the fire insurance business for acting like the proverbial ostrich and putting its head in the sand while the crime of arson is being indulged in on all sides.

Insurance Companies Blamed

It is claimed that insurance companies have long denied the facts of arson and incendiarism in an effort to avoid encouraging the practice in others; that unscrupulous persons can take out $15,000 to $20,000 of insurance without anybody ever enquiring whether that party owns that much property; that in short the general laxity of insurance companies is the fundamental cause of this vicious crime.

What are the facts?

No one in Canada is better fitted to answer these allegations than Harry Rethoret, manager, the Fire Underwriters' Investigation and Loss Information Bureau of Canada. This bureau has for ten years carried on a relentless fight against arson and incendiarism on behalf of the insurance companies in Canada. Mr. Rethoret's views, therefore, carry great weight wherever the crime of arson is discussed.

1933 Shows Improvement

"To start with," said Mr. Rethoret to The Financial Post, "it is being claimed that 1933 has proved to be the best arson year in recent history. My own personal experience indicates that 1933 has shown a decided improvement over the two preceding years. In other words, I believe the crime of arson in Canada has shown a very material reduction during the present year.

"It is claimed also that there has been an increase in residential fires amounting to 30 to 40 per cent higher than for the same period last year. I will admit that for some time residential fires did show an increase but I am equally convinced that residential fires during the current year have very materially decreased.

City of Toronto Experience

"To illustrate this point, I would refer you to the City of Toronto. In the latter part of 1931 and during 1932, residential fires in that city showed a tremendous increase. The insurance companies did not simply take these increases for granted, and continue to write insurance indiscriminately. They studied the situation very carefully and in conjunction with the local authorities, such as the Fire Marshal's office and our own organization, devised ways and means of reducing the number of these fires. As a result of these conferences, in a comparatively short space of time, a highly efficient arson squad was organized in Toronto, and I believe that the result of the work of the arson squad, coupled with that of our own investigators, has conclusively shown that these residential fires could be very materially reduced, and I am safe in saying that they have been so reduced.

"It is claimed that insurance companies long played ostrich with regards to companies denying the facts in a mistaken effort to avoid encouraging the practice in others. I cannot agree with that statement either. For example, in the United States, the National Board of Fire Underwriters maintains one of the most efficient arson investigation bureaus. It was organized and directed by the late F. R. Morgaridge, who, prior to assuming his duties, was one of the best United States fire marshals. After the death of Mr. Morgaridge, the Arson Bureau of the National Board was put under the direct charge of A. Bruce Bielaski, formerly chief of the United States Department of Justice.

"That bureau has investigators throughout the United States and their continued efforts toward reducing incendiarism is constantly receiving the most favorable comment possible. On this point I can strike a very parallel note in Canada, because incendiarism was very prevalent when the insurance companies in Canada which were members of the Canadian Fire Underwriters' Association, in 1923, organized our own bureau."

"The constitution and by-laws of this organization clearly shows that the insurance companies were not attempting to say that arson was not prevalent, because the objects of this organization were given in the constitution to be 'the repression of incendiarism and arson including the apprehension, conviction and punishment of criminals guilty of this crime,' etc. The bureau was first given only jurisdiction in Quebec and Ontario, but in a comparatively short space of time, all the companies were so completely satisfied with the results obtained by intensive investigation work, that the operations of this bureau were extended from coast to coast throughout Canada. Insurance companies not members of the Canadian Fire Underwriters' Association, were then also permitted to become members, and I am pleased to say that the majority of those companies immediately availed themselves of this opportunity. That, in my opinion, clearly shows that the companies did not shut their eyes to this situation.

Companies Do Make Check

"Next, the statement that a person can take out $15,000 to $20,000 of fire insurance and that nobody will ever enquire whether that party owns that much property. In my experience of over 11 years in this work, I have seen, of course, numerous cases of over-insurance, but I have never seen cases as flagrant as this. Furthermore, I am absolutely certain that none of the insurance companies for whom this bureau is working, would grant any policies of that size without making proper enquiries.

"An illustration as to the care exercised by insurance companies can best be given by quoting figures as to the number of enquiries received from our members at our own office with regards to risks that had applied for insurance. The number of enquiries per month in the year 1923-1924 (first year of the bureau) was 35. The number during the year which finished April 30, 1933, per month, was 1616. This clearly shows a tremendous increase in the number of enquiries, and of course, enquiries are much greater when we consider the various other sources from which insurance companies secure data necessary for underwriting.

Public Adjuster Criticized

"The public adjuster is a common source of complaint and in this I agree to a very large extent. I am pleased to say, however, that one public adjuster who deliberately inflated claims and who frequently suggested incendiary fires, was followed incessantly by our investigators assisted by the Royal Canadian Mounted Police and fire marshal's department of two of our provinces, with the result that he is now serving five years in the penitentiary. The activities of others who are also similarly inclined, have not been lost sight of and it is to be hoped that, in due course of time, these activities also will be drastically curbed.

"The statement is made that the general laxity of the insurance companies is the fundamental cause of arson. In my personal opinion, the fundamental cause of arson is plain ordinary greed, and the desire to obtain something for nothing.

"This also, I believe, answers the statement that anyone can buy an insurance policy, as big a policy as he wants to pay for, and that no questions are asked. In fact, I have heard the statement made quite a number of times lately, that too many questions are asked.

Fraud Action Successful Here

"Attempts to prove fraud, notwithstanding statements to the contrary, are successful. This has repeatedly been shown in our courts. Conditions on this continent, for instance, are often compared with those in Germany. The comparison, in my opinion, is not a very good one.

"It must be borne in mind that in the United States and in Canada we have a large number of people from the various parts of the entire world, and not the same as we would have, say, in Germany. It must also be borne in mind that from the time a person grows up in Germany, he sees a policeman on every corner and practically every time he turns around, he sees the word "Verboten." In other words, respect for the law and fear of the consequences if the law is broken, is instilled much more forcibly in Europe than on our continent. In some parts of Europe, it is even necessary for a party who had a fire, to prove that he did not set the fire, while of course, on the North American continent, it is necessary for the authorities to prove that the fire was other than accidental because the law does consider all fires to be of accidental origin until proven otherwise.

"My previous remarks also seem to answer the suggestion that the first attack on those spreading the crime of arson, should be a proof of good character, etc.

United Front in Canada

"The second offensive suggested against the public adjuster has also been replied to, and of course, my previous remarks also reply to the statement that this menace could be eradicated if the insurance companies would put up a united front. Conditions in Canada clearly show that as far as arson is concerned, there is a united front not only of all the insurance companies, but I am pleased to say, of the Royal Canadian Mounted Police, city and provincial police forces, fire marshal's departments, etc. This condition, in fact, has been referred to a number of times during the last two or three years, and it is one of the happy conditions that exist, and that has a very strong tendency to eradicate or at least drastically curb, the crime of arson.

"I am quite frank in saying that we will never be able to completely eliminate this crime, nor is it possible to eliminate any other crime, but I am equally emphatic in stating that it is possible to reduce it to an absolute minimum and that great strides toward the reduction of arson have been made in Canada, and I feel, also in the United States. We have, of course, one big advantage over the United States in the fight against this type of criminal, and that is, the Criminal Code of Canada, which is exactly the same in Prince Edward Island as it is in Vancouver Island; in other words, it is the same from coast to coast and evidence that is admissable in one province is also admissable in all other provinces in the Dominion."

Business Life Insurance Gets A1 Credit Rating

Dun & Bradstreet Executive Pays Striking Tribute to Its Use and Function in Business Life

By R. M. HAULTAIN

What actually happens in credit circles when the managing head of a business dies?

An explicit answer to this question is necessary so that intelligent protective measures may be adopted to absorb the shock and help the business weather the storm during the difficult period of readjustment.

Asked Dun and Bradstreet

A logical authority to answer this question is the nationally-known credit firm of Dun and Bradstreet. Accordingly I sought the views of W. J. Shave, Canadian sales manager, Dun and Bradstreet of Canada, Ltd. This is what he said:

"The function of our organization is to promote credit by supplying information that will enable the grantors of credit to do so with confidence where confidence is merited, thus protecting the credit structure as a whole. The company has correspondents in every town and village in the country. They keep us informed of all changes in business management, deaths that disturb a business, fire losses, and local factors both favorable and unfavorable that are likely to affect business conditions in that vicinity.

"Item" Sent to Subscribers

"Immediately on receipt of information that the principal or manager has died we make up what we call an 'item' and send it to every member who has made an enquiry about that firm during the preceding two years.

"If the deceased was the controlling factor in the business, particularly from the standpoint of management, and our records show no business life insurance reported in the last statement, we verify its absence by enquiry.

"On the other hand, if the latest statement on file gives definite information on business life insurance on the life of the deceased we include it in the 'item' for it will probably mean that goods on order and in transit will not be held up pending clarification of the outlook as to that firm's ability to survive the shock and meet the out of the ordinary pressure caused by death.

Creditors Always Pleased

"As soon as business life insurance is put in force it undoubtedly has a very favorable psychological reaction on the creditors of any concern. Money cannot take the place of a demised executive of a corporation or a partnership, and even less so when a business has been owned and managed by one man. Business life insurance, however, which supplies money where most needed, serves to bridge the gap between the announcement of the insured's death and the time when the credit men in the supply firms feel that the successor has a grip on the situation.

"During that transition period the liquid money so produced is an assurance to credit circles that the immediate assets of the organization concerned will be sufficient to take care of current commitments and give the suppliers an opportunity to size up the capabilities of the new executive. Business insurance money also supplies that executive with the additional capital necessary to take care of the unforeseen expenditures which occur in the effort to retain the confidence which creditors had in the former management.

"More especially is this marked in the case of a business that is not very strong financially but that has been weathering the storm under capable management. In this instance there is first the loss of the directing executive on whose account only has indulgence been granted by creditors and secondly there is the necessity for ready cash to pay off, as they become due, the claims for accounts which are bound to be made at such a time against a business of this type.

Acts as Shock Absorber

"While the permanency of a business is not dependent on capital alone, but on the combination of the human element and money, business life insurance acts as a shock absorber after the inevitable has happened, and from the credit standpoint generates confidence and smooths the road for successful continuation.

"We regard business life insurance as being even more desirable from the credit viewpoint during hard times when credit is ultra cautious than during the prosperous periods when credit is easier. At all times, however, it is recognized in credit circles as a powerful stabilizer.

"As the stabilizing benefits become more generally known it will be the means of saving many a business from bankruptcy in the future as it undoubtedly has during the economic storm of 1930-1933."

Trust Agreement Favored

Asked how credit circles view the business insurance trust agreement to buy out a deceased partner's interest, Mr. Shave said to me:

"That arrangement increases our confidence in that firm, for it means, besides building a liquid cash reserve, that when a death occurs there will be continuity of management unhampered by the estate of the deceased. It means a better chance for reduced costs of operation because there are fewer interests wanting distribution of profits. It also minimizes the possibilities of litigation.

"In the case of the one-man business where a business insurance trust sells the business to one or more of the firm' proven assistants when the owner dies, we again find that continuity of management, plus the incentive of ownership vested in those who have grown up with the business, provides a far better outlook for successful operation than if the business is allowed to get down at heel and is then sold on the bargain counter to some outside party who is not familiar with its problems."

Credit Manager Gives Views

I then followed the Dun and Bradstreet 'item,' referred to by Mr. Shave, into the office of the controller of credit in a company manufacturing a diversified line of nationally advertised products. I told the credit man of my purpose and asked him to outline what he does when he receives this death 'item' notifying him of the death of the key executive of one of the firms to which they sell goods. He was quite definite about his course of action:

"We see how the account stands, hold up goods on order and ready for shipment until we can find out how that business is going to stand the shock and who is going to own it and be responsible for its operation under the new conditions. My duty is to take any steps necessary to protect our account if the situation looks unhealthy.

"We get the bank's view of the situation through our bank, and are influenced in our action by their report. We also send a man to size up the new atmosphere of that firm."

I then asked him if he is quite so cautious if the Dun and Bradstreet 'item' gives a definite report on the amount and kind of business life insurance owned. His reply was:

"We have a lot more confidence in the account, not only when a death occurs but at all times."

Asked if in his opinion the presence of business life insurance is an important factor in determining a line of credit, he said:

"It most assuredly is."

Business Insurance Feature Articles

In response to a large number of requests from bank managers, chartered accountants, life underwriters and business executives, The Financial Post has arranged to continue on a considerably broader and more comprehensive scale, the series of articles on "Business Insurance" which appeared from the pen of R. M. Haultain, earlier this year.

These articles and those which will appear in subsequent weeks are believed to be the first attempt yet made to provide a complete, authoritative survey of this very important subject, from the purely Canadian viewpoint.

The first article in this new series appears this week.

FURTHER CURB NOT NECESSARY COMMISSION FINDS

Macmillan Report Thinks Insurance Agents Protected

The insurance business got special mention in the Macmillan report on banking and currency in Canada with the definite statement that in the opinion of the royal commission, no additional statutory protection need be accorded insurance agents other than now exists to prevent banks infringing on their preserves.

The reference arose as a result of representations before the commission on behalf of insurance agents to the effect that the banks were engaging in or influencing insurance business, and so invading that sphere.

Bank Act Quoted

The royal commission drew attention to section 75 (3) of the Bank Act, which provides that:

"No agent or manager of any bank shall act as agent for any insurance company or for any person in the placing of insurance, nor shall any bank exercise pressure upon any borrower to place insurance for the security of such bank in any particular insurance agency . . . ."

To suggestions that this statute was being evaded, the commission received assurance from the Banker's Association that the banks took "all steps to prevent infringement by their agents or managers and if any case of non-observance were reported, it would be duly dealt with."

Further Protection From Provinces

The report also points out that from the public point of view there is the further protection of the provincial legislation regarding the licensing of those engaged in the insurance business. Therefore, the report concludes:

"We do not think that any additional statutory protection need be accorded to the insurance agents other than the Bank Act and the Provincial legislation already afford."

Claims Insurance on Man Now Dead by Quebec Law

Invoking a Quebec law enacted at the last session of the provincial legislature which ruled that when a relative disappears or is not heard from for a period of seven years, the relative can be considered dead for insurance purposes, a suit has been entered against Prudential Insurance Co. of America and Mutual Life & Citizens Assurance Co. for a total of $750 on the life of C. F. A. Corbin who disappeared in 1922.

Corbin's wife is now petitioning the Practice Court in Montreal to have a declaration made presuming her husband dead. She also petitions that the court issue an order directing the respondents to pay her the $750 insurance together with the other necessary orders for the carrying of the payment of both insurance and costs.

The insurance company claims that as far as they are concerned the policy lapsed after payments stopped in January, 1922. The insured was carried for some time in accordance with their arrangements and then ran out of benefit. They were given no notification of his being dead. The petitioner states that the legislation giving her the right to consider her husband dead after seven years' absence for insurance purposes dated only from last year.

Morton, of North American, Heads Life Advertisers

E. Morton, advertising manager of the North American Life was elected president of the Life Insurance Advertisers Association at the annual meeting of that body held at Toronto recently.

M. S. Crockford, supervisor of field service for the Excelsior Life was elected vice-president and F. G. Ivory, of the Canada Life, was re-elected secretary.

Canadian Pacific Express Travellers Cheques Are World Currency

Carry them on your next trip and be assured of travel comfort.

Get them from any agent of the Canadian Pacific & most Banks

Investors' Chronicle

6d Established 1860 6d

Has the Largest Net Sales of any Weekly Financial Newspaper in Great Britain

OVERSEAS FINANCE Special Correspondents in all Financial Centres

A free specimen copy will be forwarded on post-card application to:—

THE PUBLISHER, INVESTORS' CHRONICLE, 20, BISHOPSGATE, LONDON, E.C. 2, ENG.

Canada Life Drive Brings Big Results

November 9—the day Canada Life Assurance Co. wrote its first policy 86 years ago—is getting to be a banner day in the company's history.

This year the company's agents in all parts of Canada and the United States put on a special production drive and succeeded in topping the $1,000,000 mark in new business written. Toronto city branch alone produced $369,450 of business or more business than was produced by the entire company in its first year of existence.

The company reports that business in the past six weeks from its entire territory is currently above corresponding figures for 1932.

Insurance Problems

Insurance questions of general interest submitted by subscribers of The Financial Post will be answered in this column. Other enquiries will be answered by mail. A three-cent stamp should be enclosed to cover a direct reply.

Merchants Casualty

I am thinking of changing my automobile insurance from tariff to non-tariff to save money. Can you give me information regarding the Merchants Casualty Insurance Co. of Waterloo? Does this company pay their claims promptly and is it reliable?

Enquiry among insurance adjusters leads us to believe that there should be no trouble in getting claims paid promptly by the Merchants Casualty Insurance Co., at Waterloo.

The company is licensed by the federal Insurance Department at Ottawa and has been doing business since 1925. The latest report of the Federal Insurance Department shows that surplus available for policyholders amounted to $135,000, against which the company has a paid-up capital of $146,000, indicating a capital impairment as at December 31, 1932, of $11,000.

Five years ago this impairment totalled approximately $53,000, so that there has been improvement in the meantime. As a matter of fact, the company came within $1,000 of wiping out this impairment in 1931, but a small net loss for 1932 reduced this to the figures noted above.

Ray Finger, manager of the Pittsburg branch of the Sun Life Assurance Co. and president of the Agency Managers' and General Agents' Committee of Pittsburg, addressed the Toronto Life Underwriters' Association on November 16. Mr. Finger dealt with the method of getting new business under the subject of "What Gets 'Em."

Tariff Associations Meet Dec. 6 and 7

The postponed annual meeting of the tariff associations in automobile and casualty insurance will be held December 6 and 7, The Financial Post learns.

Chief business before the Canadian Casualty Underwriters' Association will probably be confirmation of the plan announced recently in The Financial Post, to transfer control of all casualty lines in the west to the Western Association.

No agenda has been drawn up for the Canadian Automobile Underwriters' Association but premium rates will probably loom large in the discussions.

The meetings were postponed to coincide with the semi-annual meeting of the Canadian Fire Underwriters' Association.

Confederation October Sales Reveal Gain

New business written by Confederation Life in October showed an 8.9 per cent gain over the same month a year ago. Total new business was $3,044,600, of which $2,863,000 was ordinary business and the remainder group insurance.

This continues the trend shown by the company's production figures in September, when a 5 per cent improvement was shown in new business over the same month in 1932. This was the first increase in monthly sales shown since May, 1932. Similarly the company reports that the amount of business written off in October was 17.6 per cent less than the same figure for October, 1932.

Total in Force $364,000,000

Total insurance in force as at October 31, was $364,149,000, of which $23,789,000 was group business and the rest ordinary insurance.

C. S. Macdonald, president of the company, in a monthly message to the company's agents comments on the favorable showing by the company and notes that the amount of lapsed business in the first ten months of the year shows a decided improvement. The amount written off to cash surrenders is still considerably in excess of the corresponding figures of 1932, he warns.

Insurance Inklings

R. R. CAMPBELL has been appointed supervisor of the group insurance at Toronto for the Metropolitan Life.

The desirability of group health insurance rather than a national form of insurance was recently urged by Leonard Shaw, general superintendent of the Saskatoon City Hospital and president of the Saskatchewan Hospital Association at the 15th annual convention of the latter organization held recently in Saskatoon.

Mr. Shaw suggested that some form of compulsory life insurance might become a political issue in Canada yet it was his opinion that voluntary contributory insurance to cover medical and hospital treatment should be a matter for groups. Private institutions should not be allowed to lose their individuality in any national scheme.

British Trade in Gold Shows Imports Are High

The Bank of England gold reserve against notes amounted to £190,447,029 on October 25, an increase of £69,730 in the week, Samuel Montagu & Co. report.

The amounts of gold offered in the open market were fairly substantial. Owing to erratic exchange movements, prices fluctuated widely, but demand for gold on Continental account continued to be keen, maintaining a high premium over franc parity.

Average price of gold was 130s/10.33d. which was equal to 12s/11.81d. gold to one pound sterling.

United Kingdom imports and exports of gold registered for the week ended October 30 were:

Imports, £4,948,222; exports £586,208. Main imports included £1,138,227 from British South Africa, £1,528,369 from British India, £772,890 from U. S. A., £748,78- from Netherlands, £286,083 from Hong Kong and £171,258 from France. The principal export was £504,797 to Netherlands, and the next largest £47,969 to France.

Licenses Issued

Commercial Travellers Mutual Accident Association of America has been issued a Dominion certificate of registry authorizing it to transact in Canada as a fraternal benefit society the business of accident insurance. George A. Welsh, Ottawa, has been appointed the society's chief Canadian agent.

Wawanesa Mutual Insurance Co. has received Dominion certificate of registry authorizing it to transact plate glass insurance in addition to classes for which it is already registered.

Reliance Insurance Co. has been issued a Dominion certificate of registry authorizing it to transact personal property insurance in addition to the classes for which it is already registered.

A man lives too long —if his old age must be spent in poverty and want.

He dies too soon —if proper provision has not been made for the continued comfort of his family.

Endowment insurance affords protection against each of these possibilities. If the assured lives, the maturing endowment will provide an income for his later years and enable him to enjoy his leisure. If not, his family's needs will be taken care of.

Figures suited to your own particular requirements will gladly be furnished by your nearest Sun Life Representative.

SUN LIFE ASSURANCE COMPANY OF CANADA

HEAD OFFICE-MONTREAL

I. P. of Newfoundland Arrange Pulpwood Cut

From Our Own Correspondent

MONTREAL.—International Power and Paper Co. of Newfoundland this season will cut approximately 185,000 cords of pulpwood from lands held under license and lease and will purchase about 50,000 cords of wood cut on Crown lands.

Permits have been approved by the Government to contractors to cut and to the International Power and Paper to purchase pulpwood cut on Crown lands in White Bay, Halls Bay, Exploits Bay, Indian Bay, Clode Sound and St. Margarets Bay, St. Barbe district.

It is stated that this wood cut on Crown lands will either be manufactured in the Corner Brook paper mill or exported, depending entirely on market conditions, and especially on what action, if any, may be taken under the N. R. A. in the United States.

THE MONARCH LIFE ASSURANCE COMPANY

A PROGRESSIVE CANADIAN COMPANY

Special Reserves and Surplus OVER ONE MILLION DOLLARS

Offices in Principal Canadian Cities

PROTECTION

The Independent Order of Foresters is a fraternal benefit society operating under a lodge system and existing for the purpose of affording to men and women the completest protection at the minimum cost. This protection covers practically every phase of family life. In addition to the protection afforded through its Insurance and Sick Benefit Departments, a number of practical fraternal benefits are available to its members.

Assets — $49,000,000.00

Independent Order of Foresters

FRANK E. HAND Supreme Chief Ranger HEAD OFFICE: TORONTO, CAN.

Operating in Quebec, Ontario, Manitoba, Saskatchewan, Alberta and British Columbia

FIRE AUTOMOBILE WINDSTORM

Insurance in force over	$250,000,000.00
Total Assets over	3,000,000.00

Agents required in Ontario

Write-Eastern Branch, 2 Toronto St., Toronto, Ont.

THE WAWANESA MUTUAL INSURANCE CO.

Head Office—Wawanesa, Man.

NORTHWESTERN MUTUAL FIRE ASSOCIATION

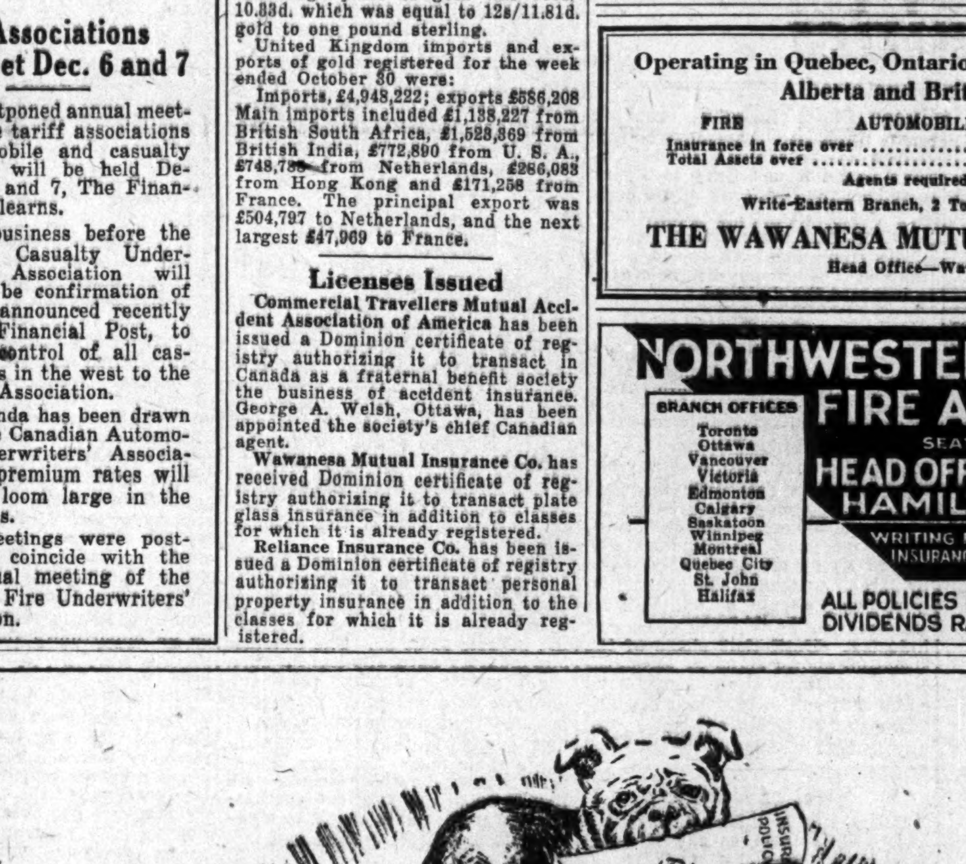
SEATTLE WASHINGTON

HEAD OFFICE FOR CANADA HAMILTON ONTARIO

WRITING FIRE AND AUTOMOBILE INSURANCE AT COST ASSETS $4,616,449.70

BRANCH OFFICES: Toronto, Ottawa, Vancouver, Victoria, Edmonton, Calgary, Saskatoon, Winnipeg, Montreal, Quebec City, St. John, Halifax

ALL POLICIES NON-ASSESSABLE, PAYING DIVIDENDS RANGING FROM 20% TO 30%



WHAT YOU HAVE, HOLD!

Far too often, the following tragedy unfolds itself. A widow finds among her late husband's papers a Life Insurance Policy. She discovers that the policy has not been kept in force, and is left without adequate support for herself and her family.

Whatever the amount of your insurance in the Confederation Life Association, or in any other Life Insurance Company, *keep your policy in force* . . . not only for your own sake, but for the sake of those near and dear to you. It may be a temporary financial strain to do so; but your Life Insurance protection isn't for today or tomorrow . . . it is to provide for dependents, or for yourself, at the time when it will be most needed.

When you bought it, you bought it for *protection*. . . . The need for protection today is greater than ever. So, we repeat, when it comes to your Life Insurance—

What you have, HOLD!

Confederation Life Association

Head Office Toronto

Bank Chat on Current Topics

Prolix Canadians

ONE of the most striking characteristics of the Canadian, according to Sir Charles Addis, is his positive passion for imparting information. He wonders if there may not be some connection between exceeding prolixity of speech and those great open spaces of which he had heard so much. These comments on the Canadian scene were made at a dinner tendered the returned Royal Commissioners by the Canada Club in London, Eng., recently. Sir Charles undoubtedly had in mind the 1,000,000 words of evidence presented before the Royal Commission on Banking and Currency at public hearings and the flood of briefs and letters that never got into the public record.

The report of the Commission is a comparatively brief document. Although it runs to 119 pages including index and appendix the actual recommendations of the commission are covered in some 16,000 words, or 21 pages.

* * *

Boosting the Small Town

GEORGE SMITH, manager of the Canadian Bank of Commerce branch at Wingham, Ont., believes that industry should be decentralized and that if many of the small town industries that have moved to the larger centres in the last decade were back in the small town there would be fewer people on relief in Canada today. Speaking recently before the Wingham Chamber of Commerce, Mr. Smith pointed out that workers are better off in a small town should they lose their job. They have more opportunities for resourcefulness. As an example he says that a number of part-time workers in Wingham have pooled their resources and bought a piece of bush which they are cutting during their spare time to provide themselves with fuel and selling any surplus wood they may have. They have also grown considerable produce for their own consumption which will tide them over the winter.

Mr. Smith believes in boosting Wingham; points out that there are only 19 cases of direct relief in the town of which three are chronic. He says Wingham is particularly suited for a close contact between industry and agriculture; that it has plenty of good labor, power and transportation facilities; that it has a good financial position and that taxes have been reduced during the past two years. In the news, from week to week, are reports of new industries establishing themselves in relatively small towns; of established companies moving from the larger cities into the smaller towns. Possibly the trend of the last decade that Mr. Smith deplores has reversed itself.

Weekly Bank Clearings

	Nov. 9 1933 $	Change year ago %	Nov. 2 1933 $
Halifax	2,116,200	+2.4	1,910,684
Saint John	1,678,612	+15.8	1,590,414
Moncton	738,047	+7.4	......
Sherbrooke	646,537	—3.2	441,584
Quebec	5,848,851	+10.3	3,441,320
Montreal	97,698,692	+15.2	84,907,641
Ottawa	4,955,426	+14.6	3,759,424
Kingston	687,899	+11.2	545,527
Peterborough	657,839	—1.5	621,309
Toronto	108,428,951	+20.5	122,780,855
Hamilton	3,564,518	—4.7	3,844,876
Kitchener	1,063,102	+38.1	1,019,862
Brantford	835,094	+3.4	660,155
London	2,290,768	+7.4	2,478,824
Chatham	416,384	+7.9	436,396
Windsor	2,852,691	+4.3	2,068,550
Sarnia	427,177	+10.5	343,053
Sudbury	684,275	+25.0	628,754
Ft. William	690,334	+6.1	617,744
Winnipeg	51,773,238	+2.3	49,969,733
Brandon	349,816	—5.3	339,041
Regina	4,038,512	—17.9	4,488,727
Moose Jaw	559,483	—6.4	529,423
Saskatoon	1,565,084	—7.8	1,357,337
Pr. Albert	280,911	—8.6	281,614
Edmonton	3,541,828	+0.9	......
Calgary	4,854,390	—13.7	5,310,618
Medicine Hat	219,602	—8.3	185,380
Lethbridge	546,819	+9.7	367,325
N. W'minster	427,312	+2.8	467,782
Vancouver	12,922,330	+1.8	15,446,743
Victoria	1,426,605	+4.6	1,460,965

QUALITY ENGRAVING — *the essential safeguard in Monetary Documents*

Outer Expression of Inner Worth

It is not difficult to make a bond or stock certificate, of superficially good appearance.

But inherent character, resultant from thorough workmanship of unvarying high quality is the vital essential for the outer expression of inner worth.

Over 100 years of unvarying standards and the finest of engraving craftsmanship, enable us to provide you with monetary documents — protected by quality and expressive of worth.

CANADIAN BANK NOTE COMPANY LIMITED

MONTREAL OTTAWA TORONTO

Branches

Current Events in Banking World

SKETCH OUTLINE OF CONSTITUTION CENTRAL BANK

Royal Commission Suggests $5,000,000 Capital

PROPOSE BRANCHES

Would Give Profits to Government After Small Dividend—Want Note Issue Privilege

The Royal Commission on Banking, in its report, offers an outline of the possible constitution of a central bank for Canada.

1. The bank should have a head office and should be allowed to establish branches, to act as note depots, etc., and to take over the offices of the assistant receivers general.

2. The capital should be $5,000,000, offered for public subscription; all shareholders to be British subjects resident in Canada.

"Amount.—It is not necessary for a central bank to have capital larger than is required to provide for its initial expenses, office buildings, etc. The smaller the capital, within reason, the less is the necessity to make profits for dividend purposes. By making the shares into small denominations and by limiting the amount which any one shareholder may hold, a wide distribution is effected and a large number of stockholders ensured; both these objects are very desirable. A central bank is in the nature of a large public trust and it is desirable therefore that its stock should not be held by foreigners."

3. The bank should be managed by a board composed of a governor, deputy governor, assistant deputy governor and six to eight directors. The governors should be men of tested banking experience and the directors men of diversified occupations; none of the latter should be bankers or bank directors and no members of the board should be a member of the Dominion Parliament or any provincial legslature, or a civil servant.

The first governor, deputy governors and directors should be appointed by the governor general in council. The directors should retire in rotation. Future appointments of the governor and deputy governors should be subject to the approval of the governor general in council.

4. The bank should have the sole right of note issue; the commercial banks' issue should be redeemed over a specified period of years.

"Note Issue.—A central bank is responsible for the control of the volume of credit and the maintenance of the stability of the value of the currency. This responsibility connotes that the bank should be granted the sole right of issuing currency (other than coin) for it would be intolerable that a central bank's policy should be hampered by the action of other issuing authorities in a country. The experience of other countries has shown conclusively that the right of issue is not indispensable in assuring adequate profits to commercial banks."

5. The dividend should be limited to 5 per cent or 6 per cent cumulative.

"Dividend.—A small dividend has the advantages of:—

"(a) relieving the central bank of the necessity to make large profits;

"(b) putting its stock on a gilt-edge basis;

"(c) preventing undue speculation in its stock."

6. After provision for dividend and suitable provision for reserves the remainder of the profits should go to the Government.

7. The bank should be the banker of the Dominion Government and might also by agreement become the banker of provincial governments.

"The bank should be the banker of the Government and if possible the provincial governments, because by concentrating the receipts and payments on Government accounts the central bank can take steps to prevent any undue effect on the credit situation which might otherwise result from an uneven flow of revenues. Further, as the financial adviser of the Government, it should logically be its banker. Finally, the Government should conduct its temporary borrowings through only one channel.

"Deposits.—The volume of credit extended by the commercial banks is predicated on the amount of their cash reserves. It is essential, therefore, that the central bank should have the custody of part of these cash reserves in order that it may be able to make its policy effective."

8. A minimum deposit equal to, say, 5 per cent of its deposit liabilities in Canada should be maintained by each commercial bank with the bank.

9. The bank should take over the issue and management of the public debt of the Dominion Government (and possibly also of the Provincial Governments.)

10. The principal operations which the bank should be allowed to conduct, should be:

(a) to buy and sell gold;
(b) to buy and sell silver;
(c) to buy and sell foreign exchange;
(d) to buy and sell 90 days' (or 120 days') prime bank or commercial bills;
(e) to buy and sell a limited amount of six months' agricultural bills;
(f) to buy and sell short term (up to 12 months) domestic Dominion and Provincial Government securities;
(g) to buy and sell a limited amount of long term Dominion and provincial securities;
(h) to buy and sell short term securities of the United Kingdom, British Dominions, the United States and France;
(i) to buy and sell a limited amount of long term British and United States Government securities;
(j) to grant advances on any of the foregoing (or any other readily marketable securities);
(k) to accept deposits without interest;
(l) to discount promissory notes suitably secured of banks up to say 15 days' currency.

"Powers.—In general a central bank's powers are defined in order that it may:—

"(a) do only the very highest class of business;

"(b) invest only in the most liquid types of securities so that it is always in a strong position to come to the aid of the commercial banks in time of need. It would be little use in time of crisis if the central bank had invested largely in assets similar to those of the commercial banks;

"(c) maintain a strong position that will enable it to tide the country over periods of strain caused by temporary disturbances in the balance of payments."

11. The bank should be prohibited from:—

(a) engaging in trade;
(b) making unsecured loans;
(c) paying interest on deposits!
(d) allowing the renewal of bills;
(e) advancing to the Dominion Government in excess of say 33 1/3 per cent of the income expected during any one year, or to a Provincial Government in excess of say 25 per cent of yearly income, in both cases the repayment of advances to be complete by the end of the first quarter after the close of the fiscal year.

12. The bank should concentrate the gold holdings of the country.

13. The bank should maintain a proportion of 25 per cent in gold and foreign exchange against its outstanding note issue and sight liabilities.

"The normal effective reserve of a central bank is the amount of its reserve in excess of its legal minimum. It is now widely recognized that, in order to allow central banks a large measure of freedom, their minimum legal reserve proportion should be relatively low, and recently at the World Monetary and Economic Conference, it was recommended that such minimum legal reserve should not exceed 25 per cent."

Foreign Exchange Market Is Dominated by Banks

Banks Match Buying and Selling Orders as Much as Possible — Canadian Market is Less Active in Sterling Than in U. S. Dollars — Banks Want Short Term Bills

New light is thrown on Canada's foreign exchange market by the report of the Royal Commission on Banking and Currency just made public. The total turnover, including all usances and forward exchange, varies widely from day to day and from year to year but in recent years has amounted in rough daily average to £350,000 sterling and $4,000,000 in United States money. Almost the only dealers are the chartered banks, each of which has a foreign exchange department, and this serves to concentrate operations in Montreal and Toronto. There are, however, six brokers in Montreal and two brokers in Toronto who act chiefly as intermediaries between banks for a commission.

As far as possible each bank sets buying orders against selling orders and then enters the local market to sell or to buy according as they are over or short. If the local market cannot absorb all the orders, and it seldom can, then recourse is usually had to the wider markets of London and New York, usually the latter. Owing to the matching of buying and selling orders by the banks, the turn-over dealt with the open market is reduced in normal times to 50 per cent of the total sterling turnover and about 30 per cent of the United States dollar turnover. In the present conditions of rate instability, the banks are averse to taking a position and the proportion dealt with in the open market is larger; about 75 per cent for sterling and 50 per cent for United States dollars. The Canadian market is narrower and less active in sterling than in United States dollars partly because the supply of sterling is greater than the demand and often the banks are all sellers of sterling whereas they are usually dealing both ways in United States dollars. The common practice is therefore to sell sterling for U. S. dollars and sell the latter for Canadian funds over the New York-Montreal exchange.

Since the London and Montreal markets are open together for only three or four hours daily while New York and Montreal are open together throughout the whole day and also because of the narrow market for sterling it is hardly ever possible for arbitrage transactions to be carried out on the same day which involve a three-cornered transaction between London, New York and Montreal. On the other hand close contact with the New York market, and to a lesser degree with London does permit Canadian banks to operate at finer rates than would be possible if the local market only were available.

"Because of Canada's large area, the remoter parts do not necessarily obtain their rates at the same time as they are quoted in the financial centres Branches in the large centres are in continuous touch with Montreal and Toronto, and rates are advised as occasion demands. Medium sized branches receive rates by telegraph or telephone from the foreign exchange department daily, and more frequently if market variations and local conditions require it. Small branches receive daily, or otherwise as mail facilities permit, a rate bulletin, which is mailed from distributing centres strategically situated throughout the Dominion. The distributing centres receive the rates by telegraph.

The spread between the buying and selling rates in all these cases depends to a large extent upon the state of the market at the time when the rates are sent. The spread in the case of those branches to which a mail bulletin is sent, is usually wider than that in other classes because of the greater risk involved of the rate becoming adverse before transactions can be completed.

Seek Short-Term Bills

"There is keen competition between the banks for short-term documentary produce and grain bills, which are purchased on the basis of the London and New York market rates of discount, a concession being made in some cases in anticipation of the bills being paid under rebate.

"In the present period of exchange instability the banks encourage the use of the forward exchange market which they are enabled to do because of the close touch maintained with London and New York."

Foreign Exchange

CONTINUED downward trend of the United States dollar featured foreign exchange markets in the week ended Nov. 13. The pound sterling advanced in both Canada and New York and was stronger against gold currencies, while the Canadian dollar held above par in New York, but was actually declining in terms of gold.

American policies are seen as becoming more and more inflationary. And a straw poll of Washington politicians indicates a predominance of inflationists. The Roosevelt programme is not raising prices nearly enough to satisfy these groups, and when Congress reassembles in January it is felt that demands for even more drastic measures will be insistent. As stated in this column before, many observers have come to the conclusion that the United States is on the inflation skids, and that chaos may result.

* * *

DR. O. M. W. SPRAGUE, considered by authorities to be the best-informed financial adviser in Washington is reported to be dissatisfied that his advice has not been taken. Dr. Sprague is believed to have advised against gold manipulation and other inflationary schemes. He is said to be contemplating resignation.

Strength of the Canadian dollar is believed to be artificial in that it has developed through a negative attitude of Americans toward their own money. Funds are reported to have come into Canada in large volume from the United States seeking safety from inflation. So also with the pound sterling, which has stood like a Gibraltar among currencies, although not redeemable in gold. There has been further pressure on the franc, and possibility of a French embargo on gold exports is frequently mentioned.

FOREIGN EXCHANGE
New York Funds

	High (Premium) %	Low (Premium) %	Last Year High (Premium) %	Last Year Low (Premium) %
Nov. 7	1-16	1-16	15 1-2	13 1-4
Nov. 8	1-16	Par	15	14 5-8
Nov. 9	Par	*1-8	15 1-2	14 5-8
Nov. 10	*1-16	*1-8	14 3-4	13
Nov. 11	....	....	12 3-8	12 1-8
Nov. 13	*1-8	*7-16	.....	.....

*Discount.

STERLING, FRANCS AND LIRE
Close: Demand in New York

	Sterling	Francs	Lire
Gold par	$4.866	$0.03918	$0.0526
Nov. 7	....	....	.....
Nov. 8	4.95 3-4	.0617 1-2	.0832
Nov. 9	5.05	.0622	.0835
Nov. 10	5.13 1-2	.0631	.0850
Nov. 11	....	....	.....
Nov. 13	5.14 5-8	.0628 1-2	.0845

Close: Demand in Toronto

	Sterling	Francs	Lire
Gold par	$4.866	$0.03918	$0.0526
Nov. 7	4.91	0.0608	0.0818
Nov. 8	4.97 1-2	0.0617 1-2	0.0830
Nov. 9	5.12 3-4	0.0632	0.0848 1-2
Nov. 10	5.10 1-2	0.0626 1-4	0.0843
Nov. 11	....	....	.....
Nov. 13	5.13 1-4	0.0628	0.0845

	Reichsmarks	Belga	Yen
Gold par	$0.238	$0.139	$0.498
Nov. 7	0.3725	0.2175	......
Nov. 8	0.3760	0.2210	0.2963
Nov. 9	0.3853	0.2252	0.3011
Nov. 10	0.3838	0.2241	0.3086
Nov. 11	......	......	......
Nov. 13	0.3833	0.2236	0.3075

JOHN COTTON'S TOBACCOS

"From the Land of the Heather"

The man who loves his pipe finds in JOHN COTTON'S a tobacco that brings comfort, peace, and relief from worry, coming as it does from an older and more placid world. There is no finer tobacco made than JOHN COTTON'S—"Scotland's Best."

In three strengths — Mild - Medium - Strong

1 ounce tin, 25c 2 ounce tin, 50c 4 ounce tin, $1.00

THE ONTARIO LOAN AND DEBENTURE CO

LONDON, CANADA
61 Years in Business

Capital $2,000,000—Reserve Fund $3,200,000

Make Mortgage Loans on Owners' Homes at reasonable rates of interest.

ARCHIBALD McPHERSON, *President* T. H. MAIN, *Manager*

JACKSON DODDS NOW HEADS C. B. A.

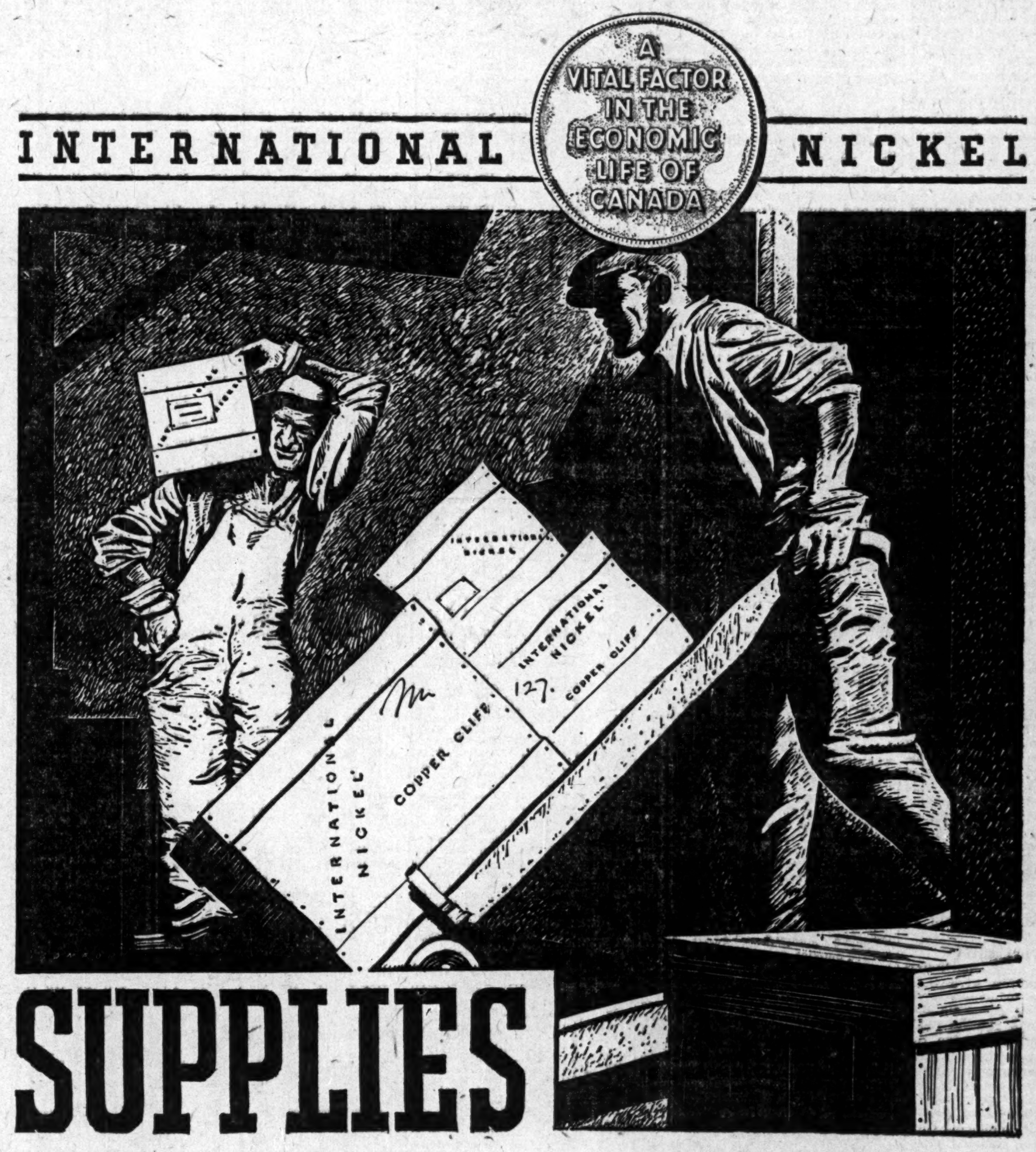
John Lamb is New Hon. President; Dudley Dawson, Vice-President

Jackson Dodds, O.B.E., joint general manager of the Bank of Montreal, is the new president of the Canadian Bankers' Association for 1933-34 succeeding J. A. McLeod who retires after two full years of service. Mr. Dodds can also be expected to serve two years after which the presidency will return to a Toronto banker. Office of the association will be moved shortly to Montreal.

The officers of the association for 1933-34 were elected at the annual meeting held on November 9. Honorary presidents are Sir John Aird, Sir Frederick Williams-Taylor, C. A. Bogert and John R. Lamb. The last named is the only new honorary president and is vice-president of the Bank of Toronto. Dudley Dawson, Dominion Bank, is the only new vice-president. Other vice-presidents are S. H. Logan, Canadian Bank of Commerce; M. W. Wilson, Royal Bank; H. B. Henwood, Bank of Toronto. The executive council of the association consists of the general managers of each of the ten banks.

Calgary's Bank Loan Down

F. S. Bucnan, city treasurer, has reported that the city of Calgary's bank loan on last year's tax collections had been reduced from $750,000 at Dec. 31, 1932, to about $78,000 at Oct. 31. Tax collections are reported better. In October collections totalled $159,395, compared with $116,334 in October, 1932.



The operation of International Nickel's mines, smelters and refineries creates a demand for hundreds of thousands of dollars worth of supplies of many kinds. ¶ There is thus afforded a constant, dependable source of business for numerous manufacturers and supply houses scattered throughout Canada. As mining is not a seasonable business, the transportation of these supplies to Sudbury, Copper Cliff and Port Colborne provides a year-round source of revenue to Canadian railroads and other transportation companies. ¶ The activities resulting from the operation of this great mining industry extend throughout Canada's business and industrial life, giving employment to many and putting into circulation a stimulating stream of wealth.

The greater use of Nickel and Monel Metal in Canada and throughout the world means a greater measure of prosperity for Canada . . . Use these metals wherever you can.

THE INTERNATIONAL NICKEL COMPANY OF CANADA LIMITED

MONEL METAL NICKEL

1883 [The 50th Anniversary of Canada's Nickel Industry is being celebrated this year.] 1933

"The Story of Nickel", an interesting booklet dealing with the history and development of Nickel, may be had without charge by writing to the Company at 25 King Street West, Toronto

A. J. Pattison, Jr. & Co. LIMITED
(Established in 1907)
Unlisted Bonds and Stocks
3rd Floor, Royal Bank Toronto, Can.

New Books

Would Merge Individualism And Co-operation in Canada

By Reconciling 'Apparently Conflicting Principles, Country Can Avoid Communism or Fascism, Says Writer

Throughout the world at the present time there is a tremendous vogue for economic and social planning. The old laissez faire system of rugged and unbridled individualism having, so it is believed by many, broken down there is a desire to think out a way to escape the present predicament and to defend the world from the catastrophe of another and worse one. Thus, Russia, Germany, Italy, and now the United States have entered upon great experiments of state planning of economic and social life. In Britain, Sir Arthur Salter and a group of his colleagues are vigorously preaching the doctrine that if each nation will plan its economic affairs properly and then co-operate with other nations in the formation of an international plan, there can indeed be early recovery and thereafter stability.

There has been no lack of attempts at planning Canada's economic future. Most of the efforts have been at best amateurish. A more studied and realistic discussion of economic control in Canada is provided by "Recovery by Control" which has just been written by Francis Hankin, a Montreal business man and a former McGill lecturer, and T. W. L. McDermott, assistant professor of history at McGill. A careful avoidance of dogmatism and doctrinairism gives the book an unique character among works of this type.

Socialistic Canada

Almost all of the book is given over to a description of the present relations between business and government in Canada. It is a most illuminating survey, giving some point to the author's statement that "mechanically considered, Canada is one of the most Socialistically organized countries in the world." Nevertheless, they hasten to add that while mechanically Canada may be Socialistic, she is not spiritually so. All through the record of Canadian business history run the threads of state control and governmental intervention. Thus, the chapters on transportation, on communications, electric light and power, municipal utilities and liquor are very largely records of how government ownership of these enterprises came into being in Canada and how it is at present conducted. Emphasis is placed upon the belief of the authors that the determining factor in the usefulness and the success of these governmental enterprises is the character of the men appointed to manage or control them.

When one turns from these utilities to other phases of economic life there is more self organization and self government and less political or semi-political control. But the comparison is, after all, only relative. Few phases of our economic life have been left divorced from an intense government interest. Under agriculture, the government's aids to agriculture, government regulation and supervision of various branches of farming and the co-operative organizations are covered. Commerce, manufacturing, trade unions and the professions are similarly outlined, indicating a very high degree of organization already existing in every field in Canada.

Principles of Control

In the fairly brief concluding chapters, the authors give their views as to the principles upon which our existing economic and social organizations can be more closely knit together to give the country something in the nature of an authoritative economy. They present the view that there has been no ordered planning and no conscious or systematic political theory behind Canadian development. They discuss systems of national planning that have been invoked in other countries such as Socialism, Communism, Fascism, etc., and state their reasons for considering none of them useful for Canada.

They recognize that in Canada individualism is deeply routed, despite the great extent of the organized association of Canadians with one another. A second equally conspicuous fact is the high degree of co-operation or combination in Canada. Co-operation they describe as the habit of thinking socially. While these two tendencies seem to be contradictory, in discussing planning for Canada, they ask us to preserve them and reconcile them.

This leads to their general theory, the only one they attempt to put forward in the book "that society can be saved for a greater future by making use of both of these motives in their right place and in their right degree."

Two Social Orders

In the application of the theory there is, of course, opportunity for widespread difference of opinion as to the type of general system to be adopted. It is in their selection of the type of planning that these authors differ from most of the amateur planners who have gone before them. They see two general systems: "the essence of the first is to use authority to establish a definite social order." The most familiar example of this is state socialism; communism and fascism come under this heading. "The essence of the second system is to use authority to preserve as much individual liberty as is compatible with the stable and just control." It is this co-operative concept of the new society, libertarian in viewpoint, as opposed to the more coercive forms which they reject, which is finally urged in their book.

To attain their end, they urge more careful selection of appointees to government and public utility boards and commissions; extension of the co-operative movement among the farmers; radical revision of the Combines Act to permit a greater co-operation between industry and commerce; and a virtually "hands off" policy in the state's attitude toward business, the essential control of industry and business for social purposes being attained by excess profits taxation to act against the uneven revolution of the business cycle.

A tentative suggestion is made for the Government to create an economic council representative of all the chief interests of the country and instructed to act as a general advisor or director for economic enterprise at large. In the main, however, the authors are satisfied to survey our present organization in Canada and to suggest only in the most general terms possible future trends or future action. The volume then does not provide a solution for our economic problems although it is advertised as doing so. But it is a much more useful and instructive volume by reason of this defect.

"Recovery by Control" is published by J. M. Dent & Son, Toronto, at $2.

"The Romance of Canada's Money"

The earliest money in Canada undoubtedly was wampum, which was in use among the Indians when Jacques Cartier sailed up the St. Lawrence River. Wampum was used by the early English and Dutch colonists on the Atlantic seaboard but it was never used by the early French colonists because the French king sent out more or less regular annual shipments of small French coin. There was always a shortage of these coins which led to the establishment of our first issue of paper money; namely, the famous playing card specimens of 1685 onward. From that day to this, the story of Canada's money has been replete with romance. Some of the more interesting features of the subject have been told by Paul Montgomery in "The Romance of Canada's Money," a small cloth-backed booklet, exceedingly well illustrated, and just published by the Macmillan Company of Canada, Toronto.

Mr. Montgomery has made good use of the valuable collections of coins in the head offices of our Canadian banks and he has brought his story up to the present day by describing the manufacture of modern Canadian money.

The volume will, of course, interest all bank men but will have a very real value in Canadian schools. The price is 50c.

Will Soon Arbitrate Saskatchewan Claims

Creation of a commission at an early date to arbitrate the claim of the province of Saskatchewan against the Federal Government for natural resources alienated since 1905 and before the province took over its natural resources in 1930 has been assured by Prime Minister R. B. Bennett. It is difficult to estimate just how much this compensation will mean for Saskatchewan.

A similar claim for compensation has been pressed by Hon. Geo. Hoadley, acting Premier of Alberta, but some technical difficulties may defer action in the case of this province.

Your Questions Answered Without Charge

As a subscriber to The Financial Post you are entitled to information regarding any Canadian investment that you are interested in.

If not already a subscriber, address your enquiry to The Investment Department when sending in your subscription.

USE THIS COUPON

THE FINANCIAL POST,
481 University Ave.,
Toronto 2, Canada.
Please send me The Financial Post for the next year (52 issues). I enclose $5.00.
Name ....
Occupation ....
Address 365

WEEK'S CANADIAN STOCK AND BOND QUOTATIONS

Montreal, Toronto and Curb Markets

WEEK ENDING NOVEMBER 13

Range 1933 High	Range 1933 Low	Divd. Rate	Yield in 3 in % Nov. 11		Sales	Close Nov. 6 (or last)	Week Ending Nov. 13 High	Low	Close
[illegible]									

x Quotations for 1932. ‡ Quotations for 1931. ¶ Quotations for 1930. * New York Quotations. † No sales recorded in 1933 to date. † Stock dividend. § Plus final dividend of 17½c. paid Mar. 31. § See "Unlisted Stocks".

Unlisted Canadian Stocks

(Furnished by A. J. Pattison, Jr. & Co., Limited) Investment Bankers, Toronto
November 14, 1933

Industrial Stocks:	Bid	Asked
Acadia Sugar c.	1.25	1.40
Acadia Sugar 6% pfd.	4.00	4.25
Acme Farmers Dairy 7% pfd.	....	34.00
Agnew Surpass 7% pfd.	62.00	67.00
Allens London 7% pfd. bonus c.	33.50	....
Allens St. Cath. 7% pfd. bonus c.	33.50	....
Allens Toronto 7% pfd. bonus c.	21.00	....
Andian National U. S. Funds	25.50	27.00
Atlantic Sugar A pfd.	81.00	86.00
B. C. Pulp & Paper pfd.	7.50	....
Burns pfd. bonus com.	3.00	6.50
Canada & Dom. Sugar	33.50	35.00
Canada Mach. c.	3.25	5.00
Canada Mach. pfd.	19.00	....
Canada Pack. c.	36.25	38.50
Canada Pack. pfd.	99.50	103.00
Canada Starch 7% pfd.	72.00	....
Canada Starch c.	4.00	....
Canada Tea 7% pfd.	45.00	57.00
Canada Wire & Cable 6½% pfd. WW	57.50	62.00
Can. Industries com. A	105.50	....
Can. Industries com. B	105.00	109.00
Can. Industries 7% pfd.	124.00	128.00
Can. Westing.	42.00	46.00
Chase, A. W., pfd. bonus com.	14.25	18.00
Claude Neon Gen. Adv. Units	4.00	6.00
Dom. Foundries & Steel 8% pfd.	39.00	44.00
Dom. Foundries & Steel com.	4.00	6.25
Dunlop Tire 7% pfd.	57.00	62.00
Eastern Dairies Ltd. 7% pfd.	....	25.50
Edmonton Stockyards Units	....	50.50
Federal Grain 6½% pfd.	20.00	25.00
General Steel Wares pfd.	11.25	13.00
Goderich Elevator & Transit	4.25	5.50
Greening Wire 7% pfd.	45.00	52.00
Guelph Carpet 6½% pfd.	67.00	
Guelph Carpet c.	5.75	....
Inter City Bak. c.	16.00	18.50
Inter. Proprietaries A	30.00	31.50
Loew's London c.	.25	.75
Loew's London pf.	3.30	4.25
Loew's Toronto 7% pfd.	58.50	62.00
Mansfield Theatres pfd.	16.00	....
Massey-Harris 5% pfd.	10.00	12.00
Medical Arts pfd. bonus c.	96.50	....
Mount Royal Hotel com.	.25	.75
Mount Royal Hotel 6% pfd.	2.50	4.00
Nat. Grocers com.	1.50	2.00
Nat. Grocers 7% pfd.	92.00	95.00
Paramount Kitchener pfd.	31.00	....
Paramount Oshawa com.	2.25	....
Paramount Oshawa pfd.	36.50	....
Provincial Paper 7% pfd.	64.00	67.00
Reliance Grain 6½% pfd.	30.00	40.00
Rolland Paper 6% pfd. W.W.	42.00	48.00
Serv. Stations A pfd.	20.25	25.00
Standard Clay Products c.	....	15.50
Standard Fuel 6½% pfd. bonus	68.00	....
Supersilk pfd. bonus	30.00	....
Supertest Petroleum B pfd.	21.00	....
Toronto Elevators 7% pfd.	85.00	88.50
Toronto Housing c.	10.25	....
United Corpns. Ltd. A	5.50	....
United Corpns. Ltd. B	1.50	....
United Grain Growers	9.00	11.00
Western Grain 6½% pfd. bonus	8.50	13.00

Ind. Stocks cont'd	Bid	Asked
Western Grocers pfd.	85.25	89.00
Willards Chocolates pfd.	14.00	19.00
Wood, Alex. & James pfd.	16.25	21.00
Zimmerknit c.	2.50	....
Insurance Stocks:		
Br. Amer. Assce.	23.25	....
Can. Life Assce.	430.00	....
Candn. Fire Ins.	55.50	60.00
Confederation Life 20% pd.	121.00	128.00
Continental Life 20% pd.	34.00	41.00
Crown Life Ins.	90.50	....
Dominion Fire Ins.	85.50	....
Dominion Life 50% pd.	156.00	....
Dom. of Can. Gen. Ins.	102.50	110.00
Empire Life 25% pd.	9.25	12.00
Excelsior Life 30% pd.	75.50	....
Federal Fire 25% pd.	37.50	....
Fidelity Ins. Co.	46.00	....
Great West Life Assce.	330.50	350.00
Guar. Co. of N.A. fully paid	220.00	235.00
Guar. Co. of N.A. 20% paid	40.00	....
Imperial Life	265.00	....
Mfrs. Life Ins.	215.00	235.00
Monarch Life 10% pd.	19.50	23.00
National Life 25% pd.	53.50	63.00
Saskatchewan Life 10% pd.	7.00	12.50
Sovereign Life 25% pd.	18.50	24.00
Sun Life Assur.	385.00	415.00
Western Assur. c.	14.00	18.00
Western Life 20% pd.	9.00	11.50
Trust & Loan Stocks:		
Br. Mtge. & Tr.	130.00	145.00
Can. Gen. Investments Ltd.	4.40	4.85
Can. Investors Corp.	5.10	6.50
Chartered Trust	60.00	....
Debenture & Sec. com.	2.50	....
Debenture & Sec. 5% pfd.	14.50	....
Dom. & Anglo Invest. Units	170.50	....
Dom. Scottish Inv. Units	17.00	20.00
Eastern Can. Sav. & Loan	112.50	115.00
Eastern Trust	134.00	142.00
Investment Foundation Units	27.00	30.00
Lambton Loan & Savings	44.00	53.00
London & Western Trust	43.00	50.00
Sec. Holding Corp. pfd.	6.25	....
Sec. Holding Corp. com.	.50	....
Security Loan & Savings	90.50	....
Sherbrooke Trust	100.50	109.00
Sterling Trust	....	45.50
Traders Finance 7% A pfd.	33.00	....
Trusts & Guar.	28.25	....
Victoria Trust & Savings	130.00	139.00
Waterloo Trust & Savings	90.00	110.00
Power Issues:		
B.C. Elect. Pwr. & Gas 6% pfd.	98.50	101.50
Calgary Power 6% pfd.	77.50	81.00
Can. Light & Pwr. com.	18.25	22.00
Can. West. Nat. Gas. LH&P pfd.	77.50	81.00
Maritime Tel. & Tel. com.	8.60	9.50
Maritime Tel. & Tel. 7% pfd.	10.85	11.75
N. B. Telephone c.	8.10	9.00
N. S. L&P com.	25.50	32.00
N. S. L&P 6% pf.	72.00	77.00

Recent London Quotations:

Brewers & Distillers	9s. 6d.
Can. & For. Secs.	4s. 6d.
Can. West. Lumber	1s. 9d.
Hudson's Bay	23s. 9d.
Do., 5% pref.	92s. 6d.
Internat. Holdings	$1 15-16
Nfld. Pr. & Pap. deb. stock B	96½
Trust & Loan of Can.	3s. 4d.

Dividends Declared

	Present Annual rate	Amt. this payment	Date payable	Date of record
Banque Can. Nationale	$10	$2.50	Dec. 1	Nov. 15
Belding Corticelli pref.	7%	1¾%	Dec. 15	Nov. 30
Bulolo Gold Dredging	...	*60c	Dec. 4	Nov. 9
Bank of Montreal	$8	$2	Dec. 1	Oct. 31
Bank of Toronto	10%	2½%	Dec. 1	Nov. 15
Borden Co., c.	$1.60	40c	Dec. 1	Nov. 15
Bank of Nova Scotia	$12	$3	Jan. 2	Dec. 16
Brit. Amer. Oil (No. 15)	80c	20c	Jan. 2	Dec. 16
Canada Vinegars	$1.60	40c	Dec. 1	Nov. 15
Can. Bank of Commerce	$8	$2	Dec 1	Oct. 31
Canadian Oil, pref.	$8	$2	Jan. 1/34	Dec. 20
Can. Hydro, 1st pref.	6%	1½%	Dec. 1	Nov. 1
Cons. Diver. Std. Secs. pfd.	...	25c	Dec. 15	Nov. 15
Colonial Nat. Gas units	$6	50c	Nov. 15	Nov. 15
Can. Invest. Funds spec. sh.	16c	4c	Nov. 1	......
Eastern Twps Tele. c.	72c	18c	Jan. 15/34	Dec. 31
Eastern Theatres c.	$2	50c	Dec. 1	Oct. 31
Hollinger Gold	65c	5c	Dec. 2	Nov. 17
Imperial Oil (No. 39)	50c	12½c	Dec. 1	Nov. 15
International Milling 1st pfd.	$7	$1.75	Dec. 1	Nov. 18
Do., "A" pref.	$6	$1.50	Dec. 1	Nov. 18
Laura Secord	$3	75c	Dec. 1	Nov. 15
Loblaw Grocet. "A" & "B"	80c	20c	Dec. 1	Nov. 11
McIntyre Porc. M.	$1	25c	Dec. 1	Nov. 1
Do., extra	...	12½+12½c	Dec. 1	Nov. 1
Mercury Oils	...	4c	Jan. 2	Nov. 30
McColl Fron. c.	60c	15c	Dec. 15	Nov. 15
National Biscuit pfd.	$7	$1.75	Nov. 29	Nov. 15
N. S. Light & Pr. pref.	6%	1½%	Dec. 1	Nov. 15
Ogilvie Flour Mills pfd.	$7	$1.75	Dec. 1	Nov. 21
Provincial Bank	$6	$1.50	Dec. 1	Nov. 15
Royalite Oil	...	50c	Dec. 20	Dec. f
Rolland Paper pref.	$6	$1.50	Dec. 1	Nov. 15
Royal Bank	8%	2%	Dec. 1	Oct. 31
Toronto Elevators, c.	...	*$1	Dec. 1	Nov. 15
Do., pref.	7%	1¾%	Jan. 15	Jan. 2

* Interim.

Listed Bond Quotations

Week Ending November 13, 1933

Montreal	Int. Rate	Due	Yield	Latest Bid	High	Low	Range, 1933 High	Low
Abitibi, 1st mtge.§	5	1953	...	22½	...	...	18	13
Asbestos	5	1942	...	45				
[illegible]								

*For 1931. ‡Payable in Canada and New York.

Winnipeg Stock Exchange

(Transactions for week to November 10)

Div.	Yield		Sales	High for week	Low for week	Close Nov. 10
[illegible]						

Active Unlisted Bonds

(Furnished by A. J. Pattison, Jr. & Co., Limited)
November 14, 1933

Industrial Bonds:	Bid November 14	Asked November 14	Bid Nov. 7
Abitibi P. & P. 5% 1953	22.00	24.50	23.00
Acadia Sugar 6% 1946	91.50	93.00	92.00
Albert Bay 6½ 1942	40.00	....	40.00
Alta. Pacific Grain 6% 1946	69.00	71.00	68.00
American Sales Book 6% 1939	99.00	....	99.00
B. A. Oil 5% 1945	99.00	101.00	99.00
B. C. Pulp 7% 1950	11.50	....	11.50
Burns 5½% 1948	29.00	30.00	30.00
Can. Biscuit 6½% 1946	17.00	20.00	17.00
Can. Bread 6% 1941	95.00	96.00	95.00
Can. Cement 5½% 1947	75.00	76.00	74.00
Can. Steamships 6% 1941	17.00	18.00	17.00
Can. Canners 6% 1950	97.50	99.00	97.50
Can. Copper Refin. 6% 1945	104.50	106.00	104.50
Can. Cottons 5% 1940	92.00	94.00	92.00
Can. Vickers 6% 1947	44.50	46.00	44.00
Cons. Invest. 4½% 1959	53.00	55.00	53.00
Cosmos Imp. Mills 6½% 1944	85.00	90.00	85.00
Davies, Wm. 6% 1942	98.00	99.00	97.00
Debenture & Sec. 4% 1936	59.00	....	59.00
Dom. Tar & Chemical 6% 1949	63.00	66.00	63.00
Dom. Telegraph 5½% 1978 A	94.00	97.00	94.00
Dom. Textile 6% 1949	105.00	....	104.00
Dom. Woollens 6% 1948	14.00	16.00	18.00
Donnacona Paper 5½% 1948	27.00	29.00	26.00
Eaton Realty 5% 1949	89.50	91.50	89.50
Famous Players 6% 1948	74.50	75.50	73.00
Federal Grain 6% 1949	67.00	70.00	65.00
Firestone Tire 7% 1937	105.00	106.00	105.00
Fraser Cos. 6% 1942	39.00	42.00	28.00
Fraser Cos. 6% 1950	31.00	33.00	29.00
Galt Brass 7½% 1941	20.00	....	15.00
General Steel Wares 6% 1952	56.00	60.00	56.00
Goodyear Cotton 6% 1949	102.00	104.00	102.00
Great Lakes Paper 6% 1950	22.00	24.50	22.50
Gypsum, Lime & Alab. 5½% 1948	44.50	46.00	43.00
Hamilton By-Prod. 7% 1943	86.00	88.00	84.00
Harris Abattoir 6% 1947	100.00	103.00	100.00
Howard Smith 5½% 1953	72.00	74.00	72.00
Lake St. John 6½% 1947	34.00	35.00	34.00
Loew's Toronto 6% Serial	98.00	....	98.00
Maple Leaf Milling 5½% 1949	38.00	42.00	40.00
Massey-Harris 5% 1947	57.00	59.00	57.00
McColl-Frontenac 6% 1949	96.25	98.00	96.00
McKinnon Industries 6½% 1945	95.00	....	95.00
Mercury Mills 5½% 1953	54.00	57.00	53.00
Metropolitan Bldg. 7% 1944	80.00	....	80.00
Minn. & Ont. 6% Serial	7.00	9.00	9.00
Nor. Ontario Bldg. 6½ 1939	65.00	70.00	65.00
Price Bros. 6% 1943	57.00	60.00	59.00
Richmond Bay 6½% 1947	67.00	72.00	65.00
Simpsons Ltd. 5½% 1949	74.00	77.00	70.00
Simpsons Ltd. 6% 1949	78.00	80.00	76.00
Steel of Canada 6% 1940	104.00	105.50	104.00
Stop & Shop 6% 1947	70.00	73.00	70.00
Toronto Carpet 6% 1944	88.00	....	88.00
United Gas & Fuel 5½% 1948	65.00	70.00	65.00
United Grain Growers 5% 1948	72.00	74.00	70.00
United Grain Growers 5½% 1949	75.00	78.00	75.00
Wabasso Cotton 7% 1942	70.00	....	70.00
Western Grain 6% 1949	63.00	....	....
Public Utility Bonds:			
Bell Telephone 5% 1955	104.00	105.00	102.50
Bell Telephone 5% 1957	104.00	105.00	102.00
B. C. Power 5½% 1960	96.00	97.00	93.00
B. C. Telephone 5% 1960	96.50	97.50	94.50
Calgary Power 5% 1960	85.75	86.75	84.75
Can. Northern Pwr. 5% 1953	81.00	82.00	79.50
Duke-Price Pwr. 6% 1966	74.50	75.00	73.00
French Nat'l Mail S.S. 6% 1952	130.00	....	130.00
Gatineau Pwr. 6% 1941 A	67.50	68.50	68.50
Gatineau Pwr. 5% 1956	80.00	81.00	78.50
Maclaren-Quebec 5½% 1961	83.00	84.50	82.00
Manitoba Power 5½% 1951	87.00	89.00	83.00
Montreal Isl. Pwr. 5½% 1957	97.00	99.00	97.00
Montreal LH&P 5% 1951	106.50	107.50	104.00
Montreal LH&P 5% 1970	106.00	107.25	103.50
Montreal Tram. 5% 1941 July	96.00	97.00	96.00
Montreal Tram. 5% 1955	74.50	75.25	73.00
Northwest Utilities 7% 1938	96.00	99.00	96.00
Ottawa Valley Pwr. 5½% 1970	100.00	101.00	99.00
Quebec Power 5% 1968	92.00	93.50	88.00
Rio Tramways 5% 1935	99.00	101.00	99.00
Shawinigan W. & P. 4½% 1970	77.50	78.50	74.00
Shawinigan W. & P. 5% 1970	84.50	85.50	81.50
Shawinigan W. & P. 6% 1967	96.00	97.00	95.00
Southern Can. Pwr. 5% 1955	98.00	99.00	97.00
West Kootenay Pwr. 5% 1956	98.00	100.00	98.00
Government, Provincial & Railway:			
C. N. R. 4½% 1951 Dom. Gtd.	103.00	103.50	101.25
C. N. R. 4½% 1957 Dom. Gtd.	100.00	101.00	102.00
C. N. R. 5% 1969 Dom. Gtd.	107.00	108.00	106.00
C. P. R. 4½% 1944	75.00	76.50	75.00
C. P. R. 6% 1942	103.00	104.00	102.00
Dom. of Can. 5% 1936	102.50	103.50	102.50
Dom. of Can. 5% 1941	103.00	104.00	103.00
G. T. P. 3% 1962 Dom. Gtd.	86.00	88.00	82.50
G. T. P. 4% 1962 Dom. Gtd.	97.50	98.50	95.50
Ont. Hydro 3½% 1952 Ont. Gtd.	92.00	93.00	92.00
Ont. Hydro 4¾% 1970 Ont. Gtd.	100.00	101.00	100.00
Ont. Hydro 4% 1957 Ont. Gtd.	93.00	94.00	93.00
Prov. of N. B. 5½% 1950	104.00	105.00	104.00
Prov. of Ont. 5½% 1946	108.00	109.00	108.00
Prov. of Ont. 5% 1948	103.75	104.50	103.75
Prov. of Ont. 5½% 1944	102.25	104.00	102.25

Unlisted Mining Stocks

November 14, 1933

	Bid	Ask
Abana	.04	..
Adanac G. Un.	75.00	100.00
Alschbach Gold	.03½	.04½
Athadome	..	.10
Arntfield Gold	.75	.90
Arntfield Synd.	.70	.80
Astoria Rouyn	.02½	.04½
Bathurst	.01½	.03
Beattie	1.35	1.40
Bidgood	.01¼	.02¼
Buff. Ankerite	1.15	1.25
Bussieres Min.	.32	.42
Can. Pandora	.20	.28
Can. Radium	.06	.09
Canusa Gold	.01	.03
Cochenour-Wil. Units	15.00	22.00
Continental Gas	.09	.11
Continental Gold Un.	145.00	155.00
Continental Kirk.	.04	.06
Crown Reserve	.01	.02½
Delta Units	45.00	65.00
Dorval Siscoe Units	..	25.00
Dunkin	.01	.02
Dunlop Cons.	.02	.04
Eagle Oil	1.20	1.30
East Rouyn	..	.18
Echo Bay Explor.	.25	.35
Edgecreek Un.	12.00	17.00
Elbow Lake-Shore Un.	..	50.00
Fairmac Un.	..	10.00
Flintoba	.00¼	.01
Galatea Units	15.00	30.00
Garry Gold	.15	.20
Glenora Gold	.20	.35
God's Lake	.63	.66
Goldside Units	22.00	25.00
Gr. Bear Lake	.39	.43
Great. Can. Gold	.14	.16
Greene Stabell	.45	.52
Gregg Oil Un.	1900.00	..
Herbin Lake Un.	15.00	25.00
Holytrex	.01	.01¾
Horseshoe	.12	.15
Island Lake	.10	.13
Kenty Gold	1.25	1.35
Kirk. Divide	.18	.23
Kirk. Gold	.15	.25

	Bid	Ask
Lake Geneva	.12	.18
Lake Malartic	..	.60
Lake Sawpawe	.20	.25
Little Long Lac.	.70	.73
McCarthy Webb.	.10½	.12½
McChesney Moss Un.	20.00	25.00
MacKenzie Red Lake	.41	.45
McL. Cockshutt.	.20	.23
Man. & Eastern	.04	.06
Maple Leaf M.	.20	.24
Matachewan Can.	.07½	.09½
Mecca Gold	.20	.23
Metals Develop.	.03¾	.05
Minaker Kirk.	.30	..
Mindoka	.01	.03
Minefinders	1.00	..
Minrand Gold	..	.33
Montreal-Alb. Petroleum	.38	..
N.A.M.E. Units	5.00	7.00
Normetal Min.	.45	.70
Northl'd Pros.	500.00	600.00
N'W Que. Pros.	15.00	25.00
O'Connell Gold	.23	.25
Opemiska Copper	.08	..
Oro Grande Dev.	.40	.60
Peninsular Pet.	.00½	.01
Pontiac Rouyn	.38	.43
Quebec Pros.	2.50	..
Queen Lebel	.01	.03
Rubec Mines	.01	.02½
Silveradium Un.	65.00	80.00
Silver Valley	.15	.20
Smelter Gold	.24	.27
Sourdough Un.	6.00	10.00
South Tiblemont Units	40.00	45.00
Sun Bear	.20	.27
Sunorea Explor.	1.00	1.15
Swayze Contact.	.18	.21
Tiblemont Island	.11	.13
Tom Montgomery Un.	..	150.00
Trusted Inv. Syn. Un.	16.50	18.50
Tyrrell Tp. McN.	..	40.00
West McWatters Units	..	15.00
Young Davidson.	.18	.23

The above table is made up from quotation sheets of several brokers. The Financial Post does not guarantee the quotations but can supply any subscriber with the name of the broker from whose sheet any particular quotation was taken.

Active Provincial and Municipal Bonds

Quotations furnished by A. E. Ames & Co., Canada Permanent Building, Toronto, Ont.
November 14, 1933

	Rate	Actual Maturity	Next Int. Date	Price	Yield
*Alberta	4½	1 Oct., 1958	1 Apr.	89.00	5.30
Alberta	5	1 July, 1943	1 Jan.	96.00	5.52
Alberta	6	1 Mar., 1947	1 Mar.	103.50	5.62
*British Columbia	4½	1 Oct., 1953	1 Apr.	89.00	5.49
*British Columbia	5	15 Jan., 1948	15 Jan.	95.50	5.45
British Columbia	6	15 Feb., 1947	15 Feb.	103.00	5.68
Manitoba	4	1 July, 1947	1 Jan.	83.50	5.73
*Manitoba	5	2 Dec., 1959	2 Dec.	95.00	5.35
Manitoba	6	1 Apr., 1947	1 Apr.	102.00	5.78
*New Brunswick	4	1 June, 1948	1 Dec.	92.00	4.75
*New Brunswick	4¾	15 June, 1936	15 Dec.	101.00	4.37
New Brunswick	5½	15 May, 1950	15 Nov.	106.00	4.98
*Nova Scotia	4½	15 Nov., 1948	15 Nov.	100.50	4.45
Nova Scotia	5	1 May, 1943	1 May	102.00	4.75
*Ontario	4½	1 Sept., 1944	1 Mar.	103.00	4.15
Ontario	5	15 Oct., 1948	15 Apr.	105.00	4.54
Ontario	5½	1 Feb., 1947	1 Feb.	109.00	4.60
P. E. I.	4	1 Apr., 1939	1 Apr.	96.90	4.60
P. E. I.	6	1 May, 1947	1 May	112.00	4.81
*Quebec	4½	1 May, 1961	1 May	102.00	4.13
*Saskatchewan	4½	1 Sept., 1955	1 Mar.	86.50	5.57
*Saskatchewan	5	1 Nov., 1959	1 May	91.50	5.62
Saskatchewan	6	15 Mar., 1952	15 Mar.	101.50	5.86
*Newfoundland	5	31 Dec., 1952	31 Dec.	85.00	6.35
*Newfoundland	5½	1 July, 1939	1 Jan.	88.00	8.15
*Newfoundland	6½	30 June, 1936	31 Dec.	96.00	8.20
Cities					
*Montreal	5	1 Sept., 1963	1 Mar.	104.80	4.70
*Toronto	4½	1 Jan., 1955	1 Jan.	100.00	4.50
*Vancouver	5	15 Jan., 1970	15 Jan.	92.00	5.49
Winnipeg	5	1 Mar., 1944	1 Mar.	94.50	5.70
*Edmonton	5½	1 Apr., 1947	1 Apr.	92.50	6.33
Calgary	5	1 Jan., 1943	1 Jan.	91.00	6.27
Halifax	6	1 July, 1951	1 Jan.	115.01	4.73
Saint John	5	15 Dec., 1950	15 Dec.	102.95	4.75
Regina	4½	1 July, 1950	1 Jan.	79.60	6.50
Victoria	5	21 July, 1945	21 Jan.	93.56	5.75
Quebec	5	1 June, 1948	1 Dec.	101.00	4.90

*Payable in New York.

Winnipeg Stock Exchange (Continued)

Stocks Not Traded in During Week*

	Bid	Ask
Beaver Lumb. pref.	64	65
Beaver Fire	..	100
Can. Fire Insur.	55	..
City Dairy 8% pf.	..	40
Cres. Creamery pf.	..	15
Gt. West Life	310	..
Home Investment	20	..
N. Mtg. part pd.	..	5
Pelissiers c.	⅜	..
Pelissiers, pfd.	22	..

	Bid	Ask
*Northern Trust	..	16
Sovereign Life	..	19
Traders Bldg. Assn.	65	..
United Grain	10	11
Can. Amer. Tr. shs.	..	3.00
Fundamental Ser. A	..	4⅛
Fundamental Ser. B	..	3⅛
Group. Income Shs.	..	4.30
Can. Invest. Fund.	..	3.35

*Stocks more active on other exchanges not included.

Newfoundland Commission Will Report on Nov. 21

Public Funds Will be Under Responsible Control — But Prime Minister Spikes Many Wild Rumors

From Our Own Correspondent

ST. JOHN'S, Newfoundland. — The long awaited report of the Royal Commission on Newfoundland's affairs will be tabled in the British House of Commons on the afternoon of Nov. 21.

As soon as a copy is received in Newfoundland, presumably on Nov. 22, the colony's executive council will consider it. Immediately following, parliament will be called together and the conditions of the report publicly announced.

Dozens of Rumors

In the interim, rumor after rumor is spread around St. John's by those who profess to have learned the chief recommendations of the report. It is said that the bond interest on the 98 million public debt will be reduced by more than 2 million; that departments of public service will be discontinued as units and merged with other departments; that a financial commission of seven will control all expenditures in all departments, including the Liquor Control Board and Newfoundland Railway; that the civil service will be reorganized and placed on a competitive base; that there will be no general election before 1940; that the membership of the government be reduced from 28 to 21; and likewise the membership of the Legislative Council.

On the authority of the prime minister, there is no foundation whatever for any of these rumors.

The Royal Commission, namely, C. A. Magrath, of Ottawa, representing Canada; Sir William Stavert, of Montreal, representing Newfoundland, and Rt. Hon. Lord Amulree, chairman, representing Great Britain, have been since last March sedulously gathering what must be a tremendous body of evidence in order to examine into the future of Newfoundland and, in particular, to report on the financial situation and prospects therein.

The commission was set up after Great Britain and Canada had in January, 1933, jointly loaned Newfoundland 1¼ millions to help pay her half-yearly bond interest. Newfoundland's problems are mainly financial. It is held that because of governmental extravagances and interference over a long period, the country's natural resources have been wantonly dissipated or else allowed to remain idle. Now, in this period of depression, with the value of dried codfish, her main export and chief source of livelihood, decreased out of proportion to cost of production, the little colony is finding it impossible to meet her financial obligations.

By a large majority the Royal Commission's report is expected to be the beginning of a new era for Newfoundland; when the common welfare of the people will be adequately considered; when public funds will be in the hands and under the directions of some responsible control; and when national policy will be submitted to a comprehensive long term plan.

CONSUMERS' GAS SALES ARE DOWN PROFITS ARE LESS

Mounting Taxes, Now 15 p.c. of Revenue, May Cause Rate Raise

Because sales of gas, residuals and merchandise fell noticeably during the year ended September 30, 1933, Consumers' Gas Corp. of Toronto fell short by $576,881 of having net profit sufficient to pay dividends of $1,405,520. In the preceding year the company had fallen short of paying dividends by only $205,608. The situation for the year was made worse because the company now pays taxes of $828,251, a sum which is equal to more than 15 per cent of the total revenue from the sale of gas. Reduction in other expenses more than made up for this but not enough to allow dividends to be paid.

INCOME AND SURPLUS ACCOUNT
Years Ended September 30

	1933 $	1932 $
Gross earnings:		
Gas sales	5,459,076	5,798,002
Residuals produced	1,400,346	1,576,131
Merchandise sold	161,302	296,859
Miscel. revenue	6,919	8,875
Total gross earnings	7,027,643	7,679,867
Less: Prod. distrib. & adminis. exp. & taxes	5,264,577	5,574,672
Net oper. from oper.	1,763,066	2,105,195
Add: Interest earnings	102,387	82,486
Total net earnings	1,865,453	2,187,681
Less: Plant & bldgs. renewal fund	1,036,814	1,028,033
Net profit	828,639	1,159,648
Less appropriations: Dividends	1,405,520	1,365,256
Deficit for year transf. to spec. surp. acct.	576,881	205,608
Add: Prev. bal. of special surp. acct.	21,206	226,814
Trans. from reserve	555,675	......
Spec. surp. car. forwd.	......	21,206

Reflected Economic Conditions

A. W. Austin, president, in the course of the 85th annual report of the directors to the shareholders, considered that these results are distinctly favorable and encouraging when compared with those of other industries and when a full cognizance is taken of the fact that the results of the company's operations reflect the unparalleled economic depression which has continued throughout the year.

Mr. Austin also stated that, though the revenue from the sale of gas for 1933 was 5.84 per cent below that for 1932, the sale of gas for domestic purposes, while somewhat below that of 1932, had been relatively well maintained. The sale of gas for use in industrial plants, which showed a considerable reduction in the years 1931 and 1932, had declined still further during 1933 but to a lesser extent. During the later months of the year there had been a definite improvement in conditions.

The number of gas meters in service at the close of the year was 170,271, a decrease of 1.3 per cent. This decrease, he said, was accounted for by the number of families which, for reasons of economy had been compelled for the time being to vacate their individual residences and live in rooms.

Taxes May Boost Rates

Increase in taxation, already referred to, had included among others the following new items:

1. An increase in the Dominion Income Tax through the cancellation of the exemption of certain earnings formerly allowed to corporations, and an advance in the rate of taxation from 11.55 per cent to 12.5 per cent; and

2. The extension of the sales tax of 6 per cent to include all purchases of fuel oil.

These new taxes alone added $32,000 "to the already enormously large burden of taxation borne by the company." Unless some relief is afforded the company from this excessive burden of taxation, Mr. Austin said it was difficult to see how an increase in gas rates could be avoided. Constant effort had been made to effect reductions in operating costs where this could be done without impairing the efficiency of service rendered to customers. In collection of overdue gas accounts, the policy had been extremely lenient where customers were in distressed circumstances through unemployment, sickness or other misfortune.

Working Capital Strong

Working capital was down somewhat, but not sufficiently to make any real change in the strong position of the company.

Working Capital

	1933 $	1932 $
Current assets	3,804,640	4,072,558
Current liabilities	683,220	699,944
Working capital	3,121,420	3,372,614
Ratio	5.56—1	5.83—1

Reserve Fund High

In the foregoing statement of income and profit and loss it was made apparent that $555,675 had been transferred to profit and loss on September 30, 1933. This amount was taken from the reserve fund of $1,000,000 authorized under Act of 1887 and reduced it to $444,325. The premium on capital stock which the Consumers' Gas Co. of Toronto have sold to investors from time to time, however, amounted to $6,993,908, so that the reserve fund now stands at $7,438,233.

Plant and buildings renewal fund is always an interesting part of the liabilities side of the Consumers' Gas Co. of Toronto balance sheet. The amount at credit at the beginning of the year was $2,853,195. Repairs and renewals deducted amounted to $567,316. This left an amount of $2,285,879 and $1,036,814 was appropriated from earnings as authorized by statute.

Fixed assets advanced to $21,596,343, a gain of about $145,000, and other investments from $1,955,996 to $1,998,179.

Kept Faith With Public

Arthur Hewitt, vice-president and general manager, pointed out that the company has maintained its corporate identity throughout the 85 years of its existence, never having formed a subsidiary company or affiliation which could give rise to the suspicion that through such devices the company had ever attempted to evade its statutory obligations to the public.

With reference to the decline in gas sales since 1930 of 5.43 per cent, Mr. Hewitt stated that the average decline in gas sales of similar companies in the United States had been 16.9 per cent in the same period. He remarked also, that in Toronto, the company's principal competitor for certain classes of business is exempt from Dominion, provincial and municipal taxation, adding:

"In this respect the competition hardly can be considered as fair. But notwithstanding this handicap. I have every confidence that this company, with its long experience in furnishing the most dependable, most flexible and, for the most part, most efficient and economical fuel will continue to enjoy the major part of the domestic cooking and water-heating business. In straight competition we would have nothing to fear but when rates are made specifically to get business it stands to reason everybody is going to lose except for a very temporary saving to the consumer who in the long run is likely to suffer through the purchase of equipment which may have no permanence."

B. C. Lumber Exports Show Improvement

Improvement in foreign markets for British Columbia lumber is reported by B. C. lumbermen. Oriental buying has picked up recently and buying from England has been exceptionally good. The latter market is now developing a demand for hemlock whereas formerly it confined purchases almost entirely to fir.

South African buying is stated to be considerably above that of last year and to be showing a steady increase while the British West Indies got back in the market and Jamaica has purchased actively in recent weeks. In addition to ordinary foreign lumber demand there is an enquiry for 44,000,000 fir ties for Chinese and Manchurian railways, a share of which will be secured by the British Columbia industry.

O'Connell Gold Mines
BOUGHT — SOLD — QUOTED
J. H. Hirshhorn & Co.
LIMITED
Investment Bankers
302 Bay St. WA. 3041 Toronto

ST. ANTHONY GOLD WORKING 86 MEN AT MINE PROPERTY

Remaining Freight Will Go in to Sturgeon Lake Over Winter Road

St. Anthony Gold Mines, President H. P. Bellingham, tells shareholders in a progress report that in the two weeks ended October 31, 1933, there had been extreme wet and cold with ice forming on the northern channel and it was therefore not certain that all of the freight could be delivered to the Sturgeon Lake camp before the close of navigation. About 575 tons of machinery, equipment and supplies have been delivered and the greater portion of it has been delivered either to the power plant or mine docks including hydro-electric power plant machinery, transmission line equipment and cyanide mill machinery.

The company's tractor and wagons are being placed on the portage to augment the Canadian Airways' equipment and it is hoped to complete the transportation programme. All crews are working night and day to get the material across to the head of the lake.

Hydro-Electric Work on Schedule

Hydro-electric construction work is entirely on schedule. Material is on hand to enable the continuous prosecution of this work during the freeze-up period. The entire turbine layout is on the ground and work of preparing for assembly is now under way. The blacksmith shop equipment has been moved from the mine to the power site, with a good supply of materials and tools. The main turbine-generator excavation is completed, more than 4,000 tons of rock have been blasted, hoisted and removed. The work of excavating the tail race is in progress. The first concrete was poured October 15. The south wing wall was poured, completing a distance of 73 ft. within 8 ft. of the main structure. A large keyway was left in the wing wall for anchorage to the main turbine walls.

Right-of-Way Cleared

Concrete footings for the turbine-generator archway are poured at either side of the large excavation. Forty arch templates are made and in place in preparation for pouring the arch and turbine floors. Reinforcing steel is being layed over the templates. The main walls will be poured last. The archway structure is being reinforced with steel cylindrical columns filled with cement to aid in carrying the heavy water load.

At the last report the transmission line right-of-way was 33 per cent cleared. Now it is believed to have been fully completed and approximately one mile of poles raised. One steel tower has been landed at one end of the long water span and expert erectors are on hand to begin erection. The other three towers are being sorted in preparation for transport to their island locations.

Foundations Laid

Concrete foundations for primary crusher, ball mill and Dorr classifier are completed. A 45 ft. by 12 ft. base has been prepared for the four Pachuca tanks. Work of removing portion of second floor and trusses to allow room for installation of large thickener tank is in progress. A large Howe type truss is being substituted for interfering posts. The truss will carry the heavy mill roof load over the large tanks. New supports are being provided beneath the mill ore bin foundations. Part of the mill machinery has been landed in the mill yard.

The permanent building at the power plant is complete. Winter food caches are being constructed at both camps.

The geology of the area surrounding the mine has been accurately mapped in detail. During this work one new vein was discovered. It is too soon to state whether or not the size and values are important. However, states the report, it looks decidedly encouraging. Work will be done to uncover more of this vein as soon as the present rush is over.

The company now employs 56 men, the contractors employing an additional 30, in all 86 men are working.

Mergers Protect Lake Shore Future

From Our Own Correspondent

KIRKLAND LAKE, ONT. — As first exclusively announced in The Financial Post, the Lake Shore Mines now announces it acquired stock control of the Kirkland Hudson Bay Mines and the Minaker Kirkland Lake Gold Mines in order to protect itself against the possible extension of the Lake Shore veins to the south.

This tie-up together with a dominating share position in Wright-Hargreaves Mines through friendly directors gives Lake Shore a commanding position for the economical development of not only the southern parallel properties but also for the principal production of the camp.

WABANA MINES OUTLOOK IMPROVES

From Our Own Correspondent

MONTREAL.—Iron ore shipments by Dominion Steel and Coal Corp. from the Wabana Mine on Bell Island amounted to nearly 200,000 tons up to the beginning of November. From the opening of the season last May until November 1 shipments amounted to 196,722 tons, distributed as follows: Germany 184,846 tons and England 11,876 tons.

Reports from Germany are optimistic, present prospects being that ore shipments next summer will be in larger volume. There is no surplus supply of Wabana ore in Germany, the ore received from Bell Island this season being consumed as received.

This information, coupled with the possibility of 100,000 tons being taken by the English market in exchange for coal, and the probability that next spring Sydney will again be in a position to resume imports, raises the hopes of Wabana for improved conditions next season.

Mining Stock Quotations

Week Ending November 13.

Par Val.	Range 1933 High	Low	Company	Sales	Close Nov. 6 (or last)	High for week	Low for week	Close Nov. 13
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OIL STOCKS

Par Val.	Range 1933 High	Low	Company	Sales	Close Nov. 6 (or last)	High for week	Low for week	Close Nov. 13
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

VANCOUVER STOCK EXCHANGE
(Transaction for Week to November 8.)

Par Val.	Range 1933 High	Low	Company	Sales	Close Oct. 31 (or last)	High for week	Low for week	Close Nov. 8
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
50c	.19	.04½	Porter Idaho	4,000	.08	.10	.08½	.10
No	.04	.00½	Premier Border	28,000	.01½	.01½	.01	.01
1	.10	.02	Quatsino Copper	7,000	.02½	.02½	.02½	.02½
No	.42	.10	Reeves McDonald	100	.17	.15	.15	.15
1	.30	.25	Reliance	......	.27	.....	.....	.....
1	2.70	.60	Reno Gold	10,800	.94	.95	.88	.92
1	.22	.04	Reward Mining	3,500	.08	.08½	.06½	.07
1	.10	.01	Rufus Argenta	3,000	.03	.02½	.02½	.02½
1	.07	.01	Ruth Hope	......	.02½	.....	.....	.....
1	.65	.35	Sally Mines	1,772	.35	.37	.35	.35
1	.15	.03½	Silverado	4,000	.06½	.07½	.05	.07
25c	.09	.01	Silver Crest	26,250	.02½	.03	.02½	.03
20c	.03½	.01½	Silversmith	7,000	.01½	.02	.02	.02
50c	.04½	.01	Snowflake	10,000	.01½	.01½	.01½	.01½
25c	.06	.06	Sonora	......	.06	.....	.....	.....
1	.61	.40	Standard Gold	......	.40	.....	.....	.....
1	.50	.20	Sunloch	......	.25	.....	.....	.....
5	.40	.20	Toric	......	.40	.....	.....	.....
50c	.03½	.00½	Topley Richfield	......	.00½	.....	.....	.....
50c	.72	.08	Wayside	41,850	.43	.46	.41	.42
25c	.12	.01½	Waverly Tangier	183,600	.02½	.02½	.02	.02½
20c	.05	.01½	Wellington	4,000	.01½	.02	.01½	.02
No	.36	.20	White Eagle	8,650	.21	.25	.20	.25
1	.18	.03	Whitewater	17,000	.06	.07½	.06½	.07½
1	.48	.40	Yankee Belle	......	.42	.....	.....	.....

DIVIDEND PAYERS

	Rate	Yield %		Rate	Yield %
Ajax Oil	8c.	7.08	McLeod Oils‡	5c.	.....
Bulolo Gold‡	60c.	.....	Mercury Oils	4c.	.....
Coast Brew	92c.	.....	Merland Oils‡	5c.	.....
Coniagas‡	12½c.	.....	Noranda‡	50c.	.....
Coniaurum†	3c.	.....	Petrol Oil	°2c.	.....
Cons. Smelters*	10%	.....	Premier	12c.	10.43
Dome Mines	$1+55c.	4.10	Pioneer, B.C.	60c.	6.12
Falconbridge	20c.	.....	Royalite	$1	.....
Goldfield Cons.‡	5c.	.....	Siscoe	12c.	7.84
Hollinger	65c.+10c.	6.97	Sterling Pacific Oil‡	3c.	.....
Howe Sound	$1	.....	Sylvanite	4+3½c	.....
Int. Coal & Coke‡	2c.	.....	Teck-Hughes	60c.	9.75
Lake Shore	$2+$1	6.21	Wright-Har.	20c.+10c.	3.84
McIntyre	1.87½	4.15			

*Stock. ‡Interim. †Initial. °Paid in 1932.

LAKE SHORE HAS SMALLER PROFIT; MORE RESERVES

Earned $3.61 Per Share Against $3.90 in Previous Year

LIQUID ASSETS UP

Followed Policy of Treating Lower Grade Ore; More Ore is Blocked Out

The annual report of Lake Shore Mines for the fiscal year ended June 30, 1933, shows a net profit of $7,215,192, equivalent to $3.61 per share as compared with $3.90 per share in the previous fiscal year.

The following is a comparative income and surplus account for the past two years:

Income and Surplus Account
Fiscal Years Ended June 30

	1933 $	1932 $
Bullion prod.	11,406,308	12,356,759
Prem. on bullion	1,871,378	1,441,369
Non-oper. inc.	136,401	95,794
Total income	13,414,087	13,893,923
Less: Prod. exp.	4,412,502	4,314,583
Admin. exp.	82,366	46,127
Taxes	922,181	986,075
Deprec.	781,845	750,126
Net profit	7,215,193	7,797,011
Less: Dividend	6,000,600	6,000,000
Surplus	1,215,193	1,797,011
Prev. surplus	4,529,509	2,732,498
Less: Addit. taxes	42,469	......
Bal. forward	5,702,233	4,529,509
Earnings per Share:		
Earned	$3.61	$3.90
Paid	3.00	3.00

The slight decrease in earnings can be attributed to the policy of treating greater tonnage of lower grade ore with a consequent lower normal value of bullion production. Exchange compensation was higher as was operating cost per ton.

Milling Rate Lower

The milling rate decreased approximately 5 per cent below the previous year to give an average milling rate of 2,180 tons daily for the fiscal year. In the three months subsequent to the fiscal year the average daily milling rate has been stepped up to 2,271 tons.

Production since the inception of operations to the close of the fiscal year, June 30, last, has been as follows:

Production Summary
Fiscal Years

Year	Tons milled	Recovery val. per t.	Bullion prod.
1918	14,948	$24.73	$369,680
1919	11,907	24.73	294,514
1920	18,889	25.61	483,702
1921	21,681	21.22	460,126
1923	36,825	22.68	883,664
1924	24,228	23.97	578,242
1925	96,838	18.72	1,812,495
1926	125,676	17.79	2,235,184
1927	214,335	14.48	3,105,048
1928	237,962	15.25	3,629,318
1929	367,015	14.99	5,504,859
1930	467,648	14.06	6,576,781
1931	698,624	13.10	9,152,936
1932	834,434	14.80	12,356,759
1933	797,673	14.30	11,406,309
			$58,799,675

Production Costs per Ton

	1933	1932	1931
Develop.	$1.11	$1.20	$1.40
Mining	2.87	2.53	2.45
Milling	1.26	1.18	.99
Taxes & mktg.	1.24	1.27	.72
Adminis. & gen.	.31	.25	.25
Total oper. cost	6.79	6.43	5.81
Deprec. & w/o	.98	.88	.87
Total cost	$7.77	$7.31	$6.68

The most interesting feature of the operations during the last year was the additional ore developed above the 2,000 ft. level, according to Harry Oakes, president of the company.

More Ore Blocked Out

Owing to the further conversion of the mine to the cut and fill method of stoping, the broken ore reserves were reduced to 219,859 tons having an average value of $17.50 per ton. The reserves of blocked out ore, however, increased during the past year. The No. 1 shaft was deepened from the 3,725 ft. horizon to the 4,503 ft. horizon during the fiscal year and stations cut.

E. W. Todd, superintendent, commented that exploration of the levels above the 2,950 was continued during the past year with satisfactory results and development work has indicated that all the upper horizons will continue to yield appreciable tonnage of ore over a further considerable period of time. A start was made on the development of a block of ground between the 2,950 and 3,825 ft. levels. Experience has shown that the ore exposed in drifting will be augmented by further disclosures in the walls and subsidiary parallel or branching veins.

The report calls attention to the acquisition of control of the Kirkland Hudson Bay Gold Mines, adjoining Lake Shore's southern boundary, in order to assure protection against the possibility of ore dipping at depth beyond the southern limit of the Lake Shore claims.

The liquid position of the company continued to improve notwithstanding the disbursement of $6,000,000 in dividends during the fiscal year equivalent to $3 per share. In all, the company paid in dividends to June 30 last $25,020,000 since the inception of production in 1918.

ONT. WOMAN LAKE ARRANGING FUNDS

Shareholders to Pass on Option Agreement With Maple Leaf Mines

Ontario Woman Lake Gold Mines will hold a meeting in Toronto on November 22 so that shareholders may consider ratifying an agreement with Maple Leaf Mines whereby the latter is given an option to purchase 1,500,000 shares of Ontario Woman Lake Mines, yet unissued, and 1,000,000 shares to be created by letters patent as authorized at a special general meeting on February 7, 1930. The minimum price for the shares is 10 cents a share and, if the agreement is carried out Ontario Woman Lake will get $350,000 which is estimated to be sufficient to bring the company into production.

Under the agreement Maple Leaf Mines will direct all mining operations on Ontario Woman Lake properties through its right to elect two directors to the board and the general manager or consulting engineer.

The first payment has been made to Ontario Woman Lake but other payments are contingent on shareholders depositing with Trust & Guarantee Co. until January 1, 1936, 80 per cent of the 2,500,000 shares of the company outstanding when the agreement was made on October 12, 1933. Directors have deposited shares and urge other shareholders to do likewise.

No mining operations have been carried on at Ontario Woman Lake properties for the last three years owing to lack of funds. On several occasions agreements were negotiated but in each case payments were not forthcoming.

E. C. Jeffrey, vice-president, is circularizing shareholders from the head office of the company at Port Perry, putting these facts before them.

Farmers Get 45c a Bushel For 1933 Grain

Though Prairie farmers sent but 130,000,000 bushels of grain to market in the first three months of the current crop year they got almost as much for their crop as when they sent 217,000,000 bushels a year ago, according to the monthly report of net money value to Prairie farmers at country stations of wheat delivered, prepared by the W. Sanford Evans Statistical Service, Winnipeg.

Average net return to farmers per bushel for the first three months of the year amounts to 45 cents a bushel as compared with only 31 cents a year ago and 33 cents a bushel in the same period of 1931.

Receive $60,545,000 To Date

Total money value received by Prairie farmers in the three-month period is estimated by Sanford Evans at $60,545,000 as compared with $68,739,000 in 1932 and $56,494,000 in the first quarter of the 1931-32 crop year.

In October, receipts were slightly less in dollars than in October of last year at $19,000,000. The previous year's figure was $20,572,000. By provinces the October, 1933, receipts were as follows: Manitoba, $2,221,300; Saskatchewan, $8,367,500; Alberta, $8,428,300.

Dominion Store Sales Continue to Decline

Dominion Stores Ltd. had sales of $1,500,287 in the four weeks ended November 4, a reduction of 10.75 per cent under sales of $1,681,058 in the corresponding period of 1932. Sales in the four weeks ended October 7, 1933, amounted to $1,569,470. Compared with a year ago there are 46 fewer stores in operation.

Sales for the first 10 months of 1933 total $16,593,018, a reduction of 13.53 per cent from the $19,190,817 of sales in the corresponding period of 1932. Comparison by four week periods of sales during 1933 and 1932 is as follows:

Four week period ending:	1933 $	1932 $	Decr. %
Jan. 28	1,398,267	1,749,931	20.10
Feb. 25	1,501,638	1,857,574	19.16
Mar. 25	1,555,614	1,885,675	17.50
Apr. 22	1,505,418	1,795,015	16.13
May 20	1,554,037	1,774,837	12.44
June 17	1,584,054	1,742,883	9.11
July 15	1,512,522	1,690,551	10.53
Aug. 12	1,441,313	1,662,125	13.28
Sept. 9	1,470,398	1,594,898	7.81
Oct. 7	1,569,470	1,755,770	10.61
Nov. 4	1,500,287	1,681,058	10.75
Total	16,593,018	19,190,317	13.53

At the Mines

Granda—A vein has been located which is reported to show $15 to $25 ore across 6-ft. width.

Greene-Stabell—Results on the 600-ft. level are reported as up to expectations and good progress is being made in installing equipment. The crushing unit is working well and the mill should be ready next week.

Herbin Lake Syndicate — Charles Spearman, M.E., in charge of operations, reports that diamond-drilling on the No. 2 property adjoining Teck-Hughes-Lamarque, encountered two important commercial sections. Two assays reported are $12 per ton and $37 per ton, calculated on the $20.67 basis for gold. He says that indications are that high grade commercial ore will exceed ten feet in width.

Kirkland Lake — Rumors persist that a parallel ore body lying to north of the main break has opened into good widths and values better than the usual run.

Lakeland—An encouraging system of well-mineralized veins is reported as encountered in crosscuts on 575, 700 and 825-ft. levels, and about 170 ft. from shaft.

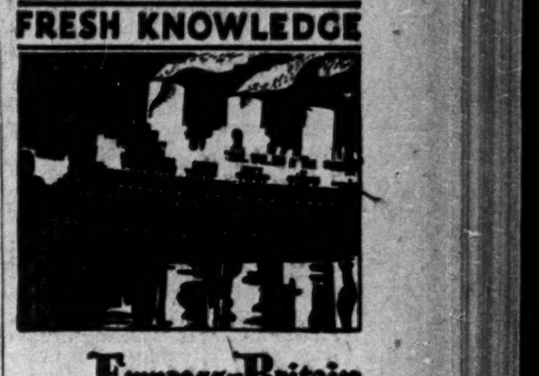
Little Long Lac—Vein has been cut at 325-ft. level with visible gold showing 15 ft. north of shaft. Sixty-five ft. east of shaft on second level the vein shows a width of 10 ft.

Wright-Hargreaves Mines.—At the annual meeting of the company held on November 8 the existing board of directors was re-elected. Shareholders were told that the new mill facilities would be completed and put into production some time during the latter half of December, thus increasing the capacity from 800 to 1,000 tons daily.

Newfoundland Iron Ore May be Bartered for Coal

The Prime Minister of Newfoundland is considering a plan for the barter of Newfoundland iron ore for British coal, on the lines of the exchange of pit props for Welsh coal which proved satisfactory earlier in 1933, according to Investors Chronicle & Money Market Review, London.

TOOLE, PEET & CO.
LIMITED
FINANCIAL AGENTS
Appraisers and Valuators
Estates Managed
CALGARY CANADA

SAIL TRAILS ON SEVEN SEAS
STRANGE PLACES
NEW FACES
FRESH KNOWLEDGE

Empress-Britain
WORLD CRUISE
The greatest of all 1934 World Cruise ships carries you away into sunshine and warmth as she follows Spring around the world ... to the Mediterranean at the season's height—India when travel is at its best—to Penang for the incomparable Angkor Wat—gives you time to see the Boroboedoer, Java's most famous Buddhistic remains—Bali, with two full days to explore it—Japan in Cherry Blossom time ... the wonder places of the world with days, not hours, to see them. 11th Season—130 Days. Send for ship's plan and itinerary.
33 PORTS 24 Countries $1600 and up
Shore excursions at very moderate rates. Standard Shore Program $500
From NEW YORK JAN. 4, 1934
Full Information from your own Travel Agent or
J. Black Mackay, General Agent, Canadian Pacific Building, Toronto 378
CANADIAN PACIFIC
WORLD'S GREATEST TRAVEL SYSTEM

JAMES W. SEWALL
Timber Cruises and Valuations
JAMES W. SEWALL
Old Town, Maine
PHILLIPS & BENNER
Ruttan Block, Port Arthur, Ont.

NEW RUBBER BELTING
all sizes up to 24" and used Leather Belting at Special Sale prices. Rubber Hose for Steam, Water, Suction. Wood Split Pulleys. Ball Bearings, Hangers, Shafting and machinery of all kinds.
Write for Price List.
N. SMITH BELTING WORKS
138 York St., Toronto.

FAIRBANKS
AUTOMATIC
OIL BURNER
MADE ENTIRELY IN CANADA
THE CANADIAN FAIRBANKS-MORSE COMPANY LIMITED
Montreal, Toronto and Branches

En-ar-co
The cleanest and best domestic
FUEL OIL Free Burner Service
Sold in Toronto exclusively by
MILNES FUEL OIL
LIMITED
88 KING ST. EAST ELGIN 5454

Established in 1889
By the late J. P. Langley, F.C.A.
J. P. LANGLEY & CO.
C. P. ROBERTS, C.A.
Chartered Accountants
G. S. HOLMESTED
Licensed Trustee in Bankruptcy.
Liquidator, Receiver, etc.
Offices
McKINNON BUILDING
Elgin 5305-6 TORONTO

DUN & BRADSTREET OF CANADA LTD.
THE MERCANTILE AGENCY
Successors to
R. G. Dun & Co. — Established in Canada 1856
The Bradstreet Co. — Established in Canada 1872
CREDIT RATING BOOKS — FINANCIAL REPORTS
16 Offices in the Dominion

MILLAR, MACDONALD & CO.
CHARTERED ACCOUNTANTS
WINNIPEG MANITOBA

WILTON C. EDDIS & SONS
Established 1895
CHARTERED ACCOUNTANTS
Federal Building, Toronto

CLARKSON, GORDON, DILWORTH, GUILFOYLE & NASH
TORONTO OTTAWA WINDSOR
CLARKSON, McDONALD, CURRIE & COMPANY
MONTREAL and QUEBEC
Chartered Accountants
E. R. C. CLARKSON & SONS
Authorized Trustees and Receivers
15 WELLINGTON STREET WEST TORONTO

The Week in Mining

Trend of Gold Prices

BECAUSE of the high price of gold, production is mounting all over the world. In Canada, Australia, South Africa, the United States, various South American countries, marginal properties (that is, marginal with reference to the par value of gold) are becoming profitable and profitable properties are enabled to mine ore reserves which before would have cost too much to mine. Prospecting in favorable areas is going on in every part of the world and is adding a much appreciated purchasing power in countries where the principal industries were greatly depressed.

* * *

Gold Will Stand Firm

IN ENGLAND much attention is being paid by financial journals at present to the opinion on this subject expressed recently by John A. Agnew, chairman of Lake View and Star, at the annual meeting on November 1. He said, in part:

"A matter which exercises the minds of your directors, and I think I may safely say that of almost every investor in gold mining shares today, is that of the price which we may expect to be able to obtain for our gold in the future. I feel impelled just to touch on this question because I have reason to believe that we are likely to be asked if we have any views on the matter. If I may be permitted to express a personal opinion it is to the effect that I am confident it will be a great many years before we shall see gold dealt with on the basis of the old price of 85s. sterling.

"I am fully aware of the fact that the price of the metal today is more or less fixed in accordance with the relation of the French franc to sterling and one can appreciate the fears of those who anticipate a condition of extreme uncertainty as to the position should France decide to abandon the gold standard. I do not share such fears. I recognize the possibility—even more, the probability—of there being, in the event of such action on the part of France, some doubt and possibly bewilderment for a time, as to what the realizable price of gold may be, but in my opinion there will immediately arise, with such uncertainty as to the future of exchanges, a recognition of the fact that the more chaotic the condition of the latter the greater the necessity for a medium of exchange which will be acceptable to any international trading. This would make the purchase or any retention of gold on the part of most countries imperative. In that case the demand may easily cause the price of gold, at any rate for a time, to go beyond what may be regarded as a reasonable one.

"We live in extraordinary times, with the best brains in the world being exercised to try to devise a solution for the many problems which confront almost every Government and people, and my opinion on this particular question is merely that of the man in the street. I am quite confident, however, that we are likely to see for some years to come a price for our product greatly in excess of the normal, and I am content to legislate on the basis of it not falling below 120s. per ounce."

* * *

Foretells Gold Collapse

THE picture of gold would not be complete without referring to the fact that L. L. B. Angas, an Englishman, who drew great attention by predicting beforehand the unprecedented boom in gold stocks, and published a pamphlet on that subject, is now about to publish another brochure foretelling "The Coming Collapse in Gold Stocks." This later pamphlet did not come out at the time first advertised, which led commentators to suggest that he had changed his mind because of President Roosevelt's decision to buy gold at varying dollar rates and to adopt "what is called a rubber gold-dollar."

In a letter to the editor of Investors' Chronicle and Money Market Review, under date of October 28, Mr. Angas states that delay in publishing his brochure is simply due to a decision to expand its scope and include not only an analysis of gold share prospects but a study of the future prospects of world currencies.

The new pamphlet, he says, will show how the gold standard will probably slide out of use for the following reasons:

"(a) because of its theoretical defects;

"(b) because countries will not play the rules properly, and

"(c) because, even if they were anxious to return, they will not be able to agree upon new rates.

"I show how this will happen, how revaluation will fail, how hoarding will end; and how gold shares will suffer. The problem of the franc is also discussed, and a forecast made for the future of America. The objections to paper are stated in full, and, I think, in every case reasonably answered.

"Gold shares, it is true, may boom in the States, but South African prospects seem entirely unfavorable. If only half my pessimistic forecasts come true, it will prove unsafe to buy Kaffir shares until the Investor's Chronicle index for gold shares has fallen some 35 per cent."

With reference to President Roosevelt's decision to buy gold and its bearing on his theory, Mr. Angas says:

"Certainly if such a policy is pursued à outrance, and if the American price of gold is bid up from the present rate of about $30 an ounce to $40 or over, as opposed to a par value of $20.67, the reactions on the London price of gold and on French currency policy may be highly favorable for gold share investors, for, if President Roosevelt first buys sterling, and then with sterling buys vast masses of gold francs, sterling will decline in relation to the franc, and the price of gold in London will rise.

"Moreover, if such a policy results in France, not only losing much gold to America, but in her also being heavily undercut over the exchanges by English and American manufacturers, France may join in the devaluation race and raise the Paris mint price of gold also. This might cause a further rise in the London price of gold and foster a further boom in Kaffirs. Indeed, every 10s. rise in the British price of gold should cause a 3 per cent increase in the earnings-yield of Kaffir shares taken as a whole, at present market prices; and, since earnings-yields at present average about 10 per cent, every 10s. rise per ounce should cause an average rise of some 30 per cent in the share market.

"My pamphlet, however, will, I think, show that these possibilities are not probabilities, and that the balance of chance is in favor, not of a rise, but of a large fall in gold shares, and that President Roosevelt's new policy will prove of small importance."

* * *

President Roosevelt's Intentions

THOUGH President Roosevelt's present programme is limited to buying gold and is not yet associated with any other intention as to currency, everybody in the United States believes his present objective is to raise prices to the 1926 level. That statement of objective in itself awakens many apprehensions among old guard economists, but it is important to get as informed a view as possible as to his intentions.

Mark Sullivan, in the course of an article in the New York Herald-Tribune of November 10, states the objective as follows:

"The Administration will buy gold at gradually increasing prices. How high they may go is dependent on conditions as they arise. Pushing the price up much above what it is now would arouse concern in Great Britain and France, whose own currencies would be affected in a way which those nations would regard as detrimental. Some advisers of the Administration wish it to mark the price of gold up rapidly and regardless of how the European nations feel . . . . . It is disposed to be cautious and considerate but . . . . . it will push the price up just as far as is necessary to achieve the Administration's policy, which is the creating of higher prices of commodities in America. The top limit of the price to which the Administration may raise gold is about $41 an ounce, according to present intentions. The price just now being paid is $33.05 an ounce. The normal price fixed for a century past has been $20.67. Pushing the price to $41.34 would be a doubling of its normal price. That would amount to devaluing the old dollar down to 50 cents."

Canadian Mining News

GOD'S LAKE GOLD SINKING TO 500 FT. WORK ON 3 LEVELS

Plans 2,000 Ft. Lateral Work in Each Level for 1934

DRILL RESULTS GOOD

Other Companies Appear to Have Favorable Locations Along Main Break to Test Possibilities

Following an aggressive season of development, the God's Lake area of Northern Manitoba is shaping up as the big gold find of 1932 in Canada and with next year's work its big mine-making possibilities will be better understood.

The possibilities of the area centre about the development of God's Lake Gold Mines, the pioneer find, which has conducted the greatest amount of work. Other interests in the area include the East God's Lake Gold Mines, which has done surface work and diamond drilling, the Garry Gold Mines, which has two camps to serve its scattered properties, and Smelter Gold, which started diamond drilling in October of this year.

Robert Jowsey Made Find

In July, 1932—sixteen months ago—Robert Jowsey, president of Bobjo Mines, and acting for that company and Coniagas Mines, made the pioneer find in the area on Jowsey Island off the point of Elk Island in God's Lake, 325 miles north and about 100 miles east of Winnipeg. The closest railway point is near Thicket Portage on the Hudson Bay line of the Canadian National Railway. The discovery was made almost as soon as Mr. Jowsey stepped from his canoe and since then no time has been lost in aggressively prospecting its possibilities. To date the company has staked or acquired some 148 claims, approximately 6,500 acres along the main strike, some nine miles in extent.

The geology of the area is said to be typical of the Ontario gold camps, being Keewatin, Greenstone or Temiskaming sediments intruded by quartz porphyry. The gold occurs in a shear zone cutting this formation through the length of the camp, which extends from Jowsey Island eastward across Elk Island.

Others on Main Break

While the God's Lake Gold Mines made the preliminary find and have the largest group of stakings, holdings of Smelter Gold and Garry Gold also appear to be situated on the main break and flank the holdings of God's Lake Gold Mines.

Under the direction of Eldon L. Brown, the company's engineer, diamond-drilling started early this year on the Reno group of claims, situated toward the westerly end of the company's holdings on Jowsey Island. Here four diamond-drill holes were put down to a maximum depth of 249 ft. on the angle. In addition, some ten test pits were put down and channel samples taken.

The four diamond-drill holes on the "A" zone gave an average width of 9.2 ft., with an average assay of .10 oz. gold. "B" zone showed an average width of 5.8 ft. and an average assay of .075 oz. gold.

Concentrate on Akers Group

This summer diamond drilling has been concentrated on the Akers group of claims, some six miles east of the Reno group. Here diamond-drill holes have been put down to a maximum depth of 500 ft. over a total length of approximately 1,350 ft. at 50 ft. intervals. Three ore shoots have been encountered, west, centre and east. The average width is approximately 3.6 ft. and the average gold assay across this width .28 oz.

Developments to date have been sufficiently encouraging to warrant officials taking in some 700 tons of machinery and supplies including a mining plant which is now en route to sink a shaft to an immediate objective of 500 ft. Three levels will be established and 2,000 ft. of lateral work completed on each level. Upon the completion of this programme, which it is expected will be finished by next season, the mine-making importance of the property will be better understood.

The indications are that the mineralized zone is over a considerable length and having regard for the extensive showings and the information to date by diamond-drilling, officials have had prepared complete plans for hydro-electric development on the Island Falls River, about 22 miles from the Akers claim.

Development First

With the plans for power site completed indications are that officials regard the property as having merit. Initial development plan is 3,500 h.p. in two units under a head of 20 ft. In the design a third unit has been provided for giving the project at least a 5,000 h.p. capacity. Before the spring break-up certain equipment and supplies will be taken in to do the preliminary work on the power site, but until the shaft is completed to the 500 ft. level and a lateral development programme conducted and ore blocked out, construction of the power site and companion mill will be deferred. Officials are thinking of initial milling capacity in terms of 350 to 500 tons, but, as previously stated, until ore is definitely blocked out, larger scale construction will be awaited. Already a start has been made at the shaft sinking and it is now down some 15 ft. with hand steel. About 600 cords of wood have been cut to supply the steam plant being taken in. The contract let a few weeks ago for winter supplies and equipment totals about 700 tons.

The financial affairs of the company are reported in splendid shape. Upon completion of the commitments contracted for the company's treasury will be enriched from about $250,000 to $600,000. In addition, it will have left in its treasury some 500,000 shares of its authorized capitalization of 3,000,000 no par value shares.

Upon incorporation, Bobjo Mines and Coniagas Mines each received 309,375 shares, as vendors of certain original properties staked. Additional shares given to vendors of further groups of claims bring the total vendor shares to 1,133,000.

An original offering of 500,000 treasury shares was made by Cameron, Pointon & Merritt, members of the Toronto Stock Exchange, at 30 cents each, but no shares have been offered recently under 75 cents each.

Winter Road Started

Work has started on a winter road from mileage 286 on the Hudson Bay Railway to the company's property. The distance from railhead to the site of operations is about 130 miles.

In order to carry out the company's programme this next season about a dozen buildings have been constructed on the Akers group of claims where operations are centred. These include two bunk houses accommodating 48 men, cook house, supply house, general office, hospital, assay office, radio station, bath house, manager's house and three or four private houses now in the course of erection.

Sees Bright Silver Prospect Without Artificial Support

Policy of "Laissez Faire" Urged For Metal By Brookings Institution After Comprehensive Study

After making a comprehensive study of the much disputed question of silver and what the nations of the world should do to restore its price or its monetary prestige, the Brookings Institution of Washington has apparently come to the conclusion that silver needs debunking. The results of its study have been brought out in book form, just published under the title of "Silver; an Analysis of Factors Affecting its Price." The conclusion is reached that silver will recover as the world emerges from depression.

Prospect Fairly Bright

The author, Y. S. Leong, concludes his volume in these words:

"The future prospect for silver is fairly bright. When the present world-wide depression gives place to a revival, demand for silver is almost certain to re-assert itself. Production has under-gone considerable curtailment and will undergo further reduction, particularly if the demonetized silver continues to appear in the market. It may therefore be expected that an improvement in the price of silver will sooner or later manifest itself. Our enquiry into the price of silver may be briefly summed up in the following terms.

"1. The reduction in the price of silver has none of the alleged cataclysmal effects of depreciating the purchasing power of India and China in foreign markets. Despite the world depression, civil perturbations, and economic distress, and notwithstanding the fact that they have to purchase foreign commodities at a relative disadvantage and that there has been a severe decline in the demand for their export products on the part of western countries, these two principal silver-consuming countries have not only maintained their merchandise imports in pecuniary and physical volume at a relatively high level but China has been a consistent importer of silver and India has continued to import silver for private purposes throughout the present period of the sharpest drop in the price of silver.

Is Relatively Stable

"2. The silver price level is more stable than that of many important commodities, such as the non-ferrous metals with which silver is produced as a by-product. It is even less variable than that of agricultural products, if the period of comparison is confined to the years since the end of the world war; and certainly during the present depression the price of silver has declined less rapidly than the prices of non-ferrous metals and agricultural products. At the present time there are many important commodities—important from the standpoint of the magnitude of revenues which they yield—whose prices have fallen relatively more than the price of silver.

"3. The purchasing power of silver does not fluctuate more than that of gold; it is in fact more stable than that of gold if the comparison be restricted to the war years and since.

Effect on Canada

"4. From the standpoint of the national economic life, the consequences of the recent serious fall in the price of silver in two principal silver-producing countries — the United States and Canada—are negligible. The output of silver constitutes so small a part of the national production of these two countries that, even were the price of silver to dwindle further, the effect on their national incomes would be trifling. The decline in the price of silver has had a relatively more serious effect on the national economies of Mexico and Peru, the other two principal silver-producing countries, because silver contributes a relatively large share to their national income and because silver exports comprise a relatively greater part of their foreign commerce. But as the productive capacity of these two countries is small compared to that of the entire world, and as their foreign commerce makes up so insignificant a share of world trade, the loss incurred by them as a result of the depreciation in the price is of no importance to world economy. Silver is in fact one of the insignificant among many commodities which have suffered severe price reduction.

Problem End Itself

"In conclusion, one further observation may be made. As the price of silver will probably show an improvement with the recovery of trade, the problem of price depreciation will to some extent find its own solution. Even if the price of silver should remain low, silver as a problem to this country and to the world at large is so very insignificant compared to the many formidable problems which are facing the nations of the world today that it could well be neglected. While this study has not concerned itself with all the aspects of the silver situation, we may nevertheless safely venture the opinion that, so far as the United States and those countries which neither hold nor produce much silver are concerned, the policy which should commend itself with respect to silver as a commodity is laissez faire."

"Silver" is published by the Institute of Economics, a branch of the Brookings Institution of Washington. The data and the opinions upon which the final conclusion is based are given in some 160 pages of well documented historical and statistical material. The volume is published at $2.

SISCOE OUTPUT JUMPS IN 1933 50 P.C. IN VALUE

Ore Position Improving—Increased Mill Capacity Considered

The value of Siscoe Gold Mines production for 1933 will be at least $1,550,000, or more than 50 per cent in advance of 1932, J. T. Tebbutt, President of the company, told The Financial Post. Net profits per share, after all write-offs, reserves and taxes, promise to be approximately 18 cents per share outstanding as compared with dividend requirements of 12 cents per share. Current production is over 300 tons daily while the average grade of ore treated for the first nine months of the year, exclusive of exchange compensation, was $12.13 per ton.

Siscoe has been steadily improving its ore position, says Mr. Tebbutt, and notwithstanding that the mill is treating over 300 tons daily, as compared with an average of 175 tons in 1932, ore is being proved up faster than is required to feed the greater milling rate.

May Boost Mill Capacity

Already officials are giving consideration to increasing the mill capacity further early next year if favorable electric power arrangements can be concluded. In recent weeks Canada Northern Power Corp. is known to have been in the Siscoe area and conferring with officials on not only supplying its needs, but also the power needs of properties developing in the area and along the zone from Noranda. At the present time, however, Siscoe is not vitally concerned about power as Diesel engines are giving low cost operations—about $60 per h.p. per year—while the new 600 h.p. unit installed early this year is providing power at under $50 per h.p. per year.

Underground development is reported by Mr. Tebbutt to be of a very encouraging nature and recently diamond drilling on the main ore zone encountered a vein at a depth of 1,250 feet where it averaged six feet quartz showing free gold. At the present time the lowest lateral work is on the 975 ft. horizon. A new vein was recently found on the 150-ft. level west of previously prospected areas.

Bear Operations Fail

Dr. W. S. James, a well-known geologist, recently made an inspection of the mine and his report and recommendations are expected to be placed before the board in a short time.

That there has been a steady accumulation of Siscoe stock, as evidenced by the transactions on the Standard Stock & Mining Exchange, is the belief of Mr. Tebbutt. The number of shareholders has been steadily increasing and at the present time is between 8 500 and 8,700. Recent court actions are not viewed with alarm, but are seen as more annoying than serious and the shares remain strong against bearish selling.

Goes to South Africa

J. M. Forbes, M.E., formerly general manager of Siscoe Gold Mines has left for Kenya Colony, British East Africa, to report on gold properties in the area for Hollinger Consolidated Gold Mines. W. P. Alderson of Towagmac Exploration, which is closely affiliated with the Hollinger interests, also has been in the area for several months.

Jones Porter Mines May Get New Financing

Shareholders of Jones Porter Mines Ltd. are asked to approve a deal with New York interests who propose financing the company to the development stage. It is understood that between $75,000 and $80,000 is involved and it is estimated that this amount is sufficient to complete the recommended programme. A special and general meeting of shareholders has been called for November 13 in Toronto.

The company's properties are about 4½ miles from the Dome property. It is reported that $150,000 has been spent on the plant, etc., and that the three compartment shafts formerly sunk in ore to the 150 ft. depth, showed high grade ore conditions.

STEAM SHOVEL OF B. C. CARIBOO EXPOSES VEINS

Unique Plan in Bridge River Area Overcomes Natural Handicaps

RAILROAD PAYS WAY

Power Available to Mines by Mid-Summer and Can be Expanded as Desired

A unique plan of wholesale surface exploration, being conducted at the Bridge River property of the B. C. Cariboo Gold Fields through the use of a steam shovel to strip the overburden, has exposed several promising veins.

The Bridge River holdings of the company include the Comstock group of seven claims adjoining the Bralorne Mines on the east and the Success claim to the north end of Bralorne. The Comstock group is largely covered by overburden of volcanic ash, clay and broken rock to a depth of from four to 20 ft. In order to overcome this handicap in the search for the main outcrop, the steam shovel is employed. It not only removes the soil and gravel overburden, but substantial growths of timber. Previous operations on this group of claims included sinking a shaft to about 20 ft. depth. The Success claim, north of Bralorne, is also being actively developed by means of a crosscut tunnel and driven to intersect the vein exposed on the surface, at a depth of 60 ft.

In the Cariboo district the company has 16 claims in Burns Mountain, 14 claims on Island Mountain and 24 claims on Ah Bau Lake, 40 miles north of Burns Mountain.

Drifting on Midway Vein

No work is being done on the company's holdings in the Cariboo area at the present time. Instead, operations are being centred on its Bridge River and Moyie holdings. In the latter district the company owns the Midway group of 12 claims, five miles south of Moyie, B.C., situated between Nelson and Cranbrook. Here a crew of 30 men and a diamond drill are doing development work. A tunnel is being driven on the vein which shows a width of 5½ ft., well mineralized with arsenical and iron pyrite. Drifting on this vein has now advanced to approximately 200 ft. and the tendency is for the vein to widen as the work advances. A test sample of 40 tons was shipped to the Trail smelter which gave a return of $11 per ton in gold. A feature of this operation is that the portal of the tunnel is only a stone's throw from the highway and 500 ft. from the railway. Many years ago this property attracted attention, but no conclusive development programme was undertaken and it is the policy of the B. C. Cariboo Gold Fields thoroughly to prove up its potentialities at the present time.

The company is headed by General J. D. Duff Stuart, also a director of Pioneer Gold Mines. Other directors include Dr. Victor Dolmage, well known geologist, who is vice-president of the company. The managing director is C. P. Reil. On the board are C. Edward Fisher, G. Gordon Plaxton, K.C., and Stanley W. Taylor.

It is interesting to note that British Columbia's government-owned railway, the Pacific Great Eastern was built northward from a little port north of Vancouver towards the famous old Cariboo placer gold field, in order to develop a mineral area, centered principally on Bridge River. Only now, however, are the mines beginning to materialize. First came the Pioneer, now B.C.'s principal gold producer, and now its neighbour, Bralorne, has started a profitable existence.

The value of a gold mine to a railway, in spite of the fact that its product provides no freight traffic, is well illustrated by the fact that the Pacific Great Eastern is now paying its way for the first time. The two mines mentioned are small mines, but the activity of their success has stimulated throughout the whole district and has resulted in a marked increase in traffic on the railway.

Bridge River Transmission Line

B. C. Power Co. has started work again at Bridge River to construct a transmission line from the power plant, a distance of fifty miles to the Bridge River mining area and supply power to the numerous mines now operating.

To that end Syd Anderson, C.E., and Frank Hill, two of the company engineers, with a party of seven men each, are now locating the site of the line at the high end. This is being done with a view to completing the survey before the deep snow falls.

Construction of a 4,600 power plant at Bridge River on Seton Lake will be undertaken, and it is expected that power will be available to the mines by midsummer.

The new plant will use the 2½ mile tunnel, already constructed, and water will be pumped out of the Bridge River into the tunnel, whence it will flow through Mission mountain and fill 1,200 feet into the power house at Seton Lake.

In making this construction public, President W. G. Murrin, of B. C. Power, stated that the initial installation can readily be doubled if the demand for power warrants such increase, and, if necessary, the major power development can proceed with an installation of a unit of 27,000 or 54,000 h.p. as originally planned.

He concluded by saying that a constant supply of power to the mines will facilitate development and make it possible to expand Bridge River properties as fast as their owners desire.

Roan Antelope Profit Was £53,205 Last Year

The annual report of Roan Antelope Copper Mines for the year ended June 30, 1933, shows a net profit of £53,305 after provision for debenture interest, depreciation and taxation. The total production during the fiscal year was 37,708 long tons of copper as compared with 30,738 in the previous year. The company's production was delivered as blister copper to the British Copper Refinery at Prescot, Lancashire. The production costs exclusive of debenture interest, depreciation and taxation averaged £22 7s. 1d. per long ton of blister copper delivered to the European buyers.

Quebec's Gold Gets New Record In Third Quarter

The quarterly report by the Quebec Bureau of Mines shows the gold output at new record levels. In the three months ended September 30, 1933, the production was 100,999 ounces. Six principal producers contributed to this production. While the individual production is not given, the approximate order of these producers is Noranda, Siscoe, Beattie, O'Brien-Cadillac, Granada and Bussieres.

The copper production was comparable with the second quarter which showed a substantial advance over the first quarter. Another bright spot in the report was a further increase in asbestos production, which reached approximately 50,000 tons in the quarter as compared with 20,000 tons in the first quarter. Comparative production figures for the three quarterly periods of 1933 are as follows:

Quebec Mineral Production

	3rd quar.	2nd quar.	1st quar.
Gold, oz. ..	100,999	89,459	89,067
Silver, oz.	151,234	147,562	112,850
Copper, lbs.	18,721,792	18,761,764	14,947,265
Asbestos, tons	49,489	31,744	20,369

RHOKANA CORP. PROFIT £40,862 OUTPUT GAINING

Production for Year Ended June 30, 1933, Was 48,579 Long Tons

The Rhokana Corp., one of the major copper producers in Northern Rhodesia, reports an operating profit of £515,601 for the fiscal year ended June 30 last. After all write offs and reserves, including debenture interest, the company showed a net profit of £40,862.

Rhokana is a merger of the operations of the Rhodesian Congo Border concessions, the N'Changa Copper Mines, the Bwana M'Kubwa and the latter's subsidiary, the Mufulira Copper Mines. Production for the fiscal year amounted to 48,579 long tons, the cost of production of which was reduced to £21.58 during the six months ended June 30 last. Principal operations have centred about the Nkana property which produces blister copper. Construction is now under way at a cost of £350.000 of an electrolytic refinery at Nkana which will have an initial capacity of 36,500 short tons per annum. This plant is to be in production about the middle of 1934.

The Mufulira Copper Mines, in which Rhokana owns about one-third interest, started production on October 1 and has arranged with Nkana to smelt the concentrates made for a period of a year.

Principal interest in the Rhokana Corp. is through the Bwana M'Kubwa which in 1930 had quite a following among Canadian investors.

The ore reserves are 270,780,000 short tons, averaging 4.30 per cent copper. Production of copper is slowly increasing, but the output is not augmented unless contracts for sale have been entered into. It is therefore unnecessary to lock up money in stocks as was the case before the War. The contract with the American Metal Company for electrolytic refining will lapse after the N'Kana refinery is running.

There are 2.442,291 £1 shares issued by the Rhokana Corporation, and the debenture issue is now negligible, owing to the conversion into ordinary shares.

The market value of the shares has lately been around £6 in London.

McDONOUGH FIND ASSAYS $9 IN BULK

Vein Traced For Length of 1,000 Feet Averages 2.4-ft. Width

A discovery made this summer by W. J. McDonough in the Sturgeon Lake area has now been traced for 1,000 ft. Careful bulk-sampling from nine test pits over a vein length of 160 ft. gave an average assay of $9 per ton in gold over a width of 2.4 ft.

In order that the bulk-sampling might be representative some four tons of ore were blasted out and shipped to the ore dressing laboratory at Ottawa for analysis and study.

Particular attention is directed to the find because about 40 years ago it apparently attracted attention, was staked and patented. The find was reported on at that time by Alan Sullivan, now the well known writer, who gave a good account of the property and recommended to the financial sponsors that further work be done, but inasmuch as it was 85 miles from the railway and the cost of supplies amounted to $60 per ton, work was dropped. It was not until Mr McDonough searched the archives at Fort William, Ont., that the early history of the property was discovered. It had reverted to the Crown and was opened for restaking. In addition to the main vein which has been traced for some 1,000 ft., there are three other smaller veins which have received only cursory examinations. Plans are under way for an aggressive exploration and a small party remains at the property carrying out surface work during the winter months.

Hope for Larger Output of Model Oil No. 2 Well

Model Oil Well No. 2 went into production on October 1 and officials report it is producing about 25 barrels of discolored naphtha daily. Officials are hopeful that production will increase as the well is situated directly between the Model No. 1 and the Foothills No. 1 and bears close relation to the latter well. The Foothills well had an initial production of about 25 barrels but gradually worked up to 100 barrels.

Anaconda Oil Co. has a net royalty of ten per cent from this production.

Realty & Mines Meeting to Decide Future Policy

Shareholders of Realty & Mines, promoted a number of years ago by J. J. Carrick, are in receipt of official advice calling an annual meeting of shareholders in Toronto on November 20

The notice says that the meeting is called for the purpose of ratifying the actions of the directors, determining the future policy of the company, considering the advisability of acquiring new properties and changing the capital structure of the company in the interests of future financing.

N. C. URQUHART & CO.
STOCK BROKERS
Members Standard Stock and Mining Exchange
15 King Street West Toronto, Ont.
Adel. 6028

Spooner Oils Earned $15,952 in 16 Months

With total sales of 22,583 bbls. in the 16 months ended June 30, 1933, Spooner Oils Ltd. received a net of $64,205 on sales which compares with net of $198,179 in the preceding period of 22 months. After deducting operating charges, depreciation and other items the company had net earnings of $12,703 on operations which was increased to $15,952 by sundry revenue. The net earnings of the 16-month period were applied in reduction of cost of recovery. In the preceding period net earnings were $148,686.

Summary of recovery cost account shows total cost of wells at $387,419. Proceeds of production since formation of the company amount to $234,935 leaving a loss of $152,483 to which must be added two distributions to shareholders in 1932 which total $65,004 Deficit shown in balance sheet amounts to $217,487.

Current assets as at June 30, 1933, totalled $45,695 of which $33,315 was in cash and $9,935 was oil in storage. Current liabilities totalled $8,654. Fixed assets include equipment valued at $30,880; casing account at cost of $22,613 and properties at cost of $386,078. Shares in Bell Refining Co. are carried at cost of $27,500. Capital issued and fully paid remains at 722,265 shares of $1 par value.

Anaconda No. 2 Well Is 500 Ft. from Limestone

Anaconda No. 1 well (Model No. 2) is giving a daily production of about 25 barrels of discolored crude naphtha from which Anaconda receives a ten per cent royalty. Anaconda No. 2 well is drilling in the lower Dalhousie formation at a depth of 4,950 ft. A gas flow, estimated at about 10,000 cu. ft. daily, has been encountered and it is expected that the limestone horizon will be reached at about another 400 or 500 ft. Two other wells are drilling on Anaconda leases—Spooner and Livingston. The well being drilled by Spooner was only recently spudded in and is now down some 600 ft. Any production from this well is subject to a ten per cent royalty and $1,500 cash to Anaconda. The Livingston well is drilling at a depth of some 2,880 ft. on a lease from Anaconda which holds a two per cent clear net royalty.

NORTHERN CANADA MINING CORPORATION, LIMITED
Invests in Canadian Mines and Mining Properties
J. B. TYRRELL,
President and Managing Director,
Room 93?, 25 King Street West,
TORONTO, CANADA

U. S. is Still Buying Silver Consistently

United States is still the most consistent buyer of silver, according to the November letter of Samuel Montagu & Co., London, England.

China has also been a buyer and consequently offerings from the Continent have been well absorbed. The Indian Bazaars have made some resales, but have also given support on occasion.

The market appears quite steady at the present level.

British imports for the last week of October were £263,549 and exports £6,163. United States price on October 31 was 39⅞ cents per ounce .999 fine.

Ore Receipts at Trail

The Consolidated Mining and Smelting Company of Canada, Ltd., reports ore receipts at Trail Smelter from November 1 to 7, inclusive, and from January 1, 1933, to date in tons as follows:

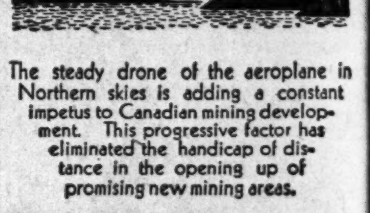
	Week	Year to Date
Company's mines ...	7,822	260,268
Other mines	1,324	30,267
	9,146	290,553

What is the Market Outlook for Your holdings of MINING STOCKS
Submit your list for our opinions
J. E. GRASETT & CO.
Members Standard Stock and Mining Exchange
302 Bay St. Toronto
WAverley 1633

Metal Prices

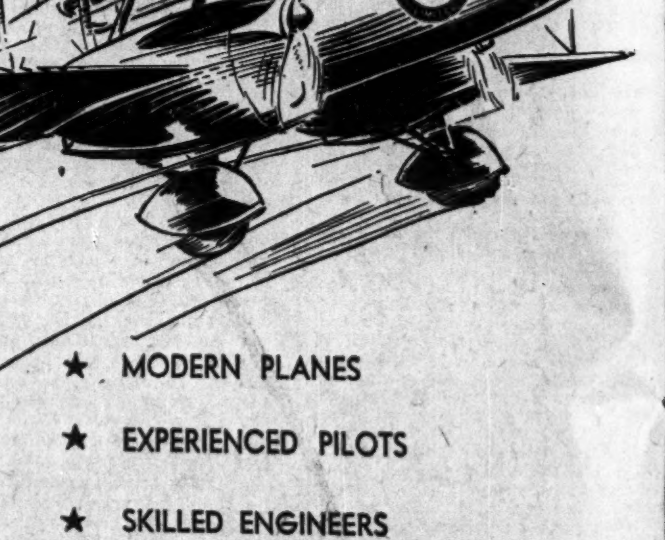
New York—November 14—
Copper: Electrolytic spot, 8¼c. lb.
Silver: 45c.
London—November 14—
(Long Ton)—
Copper: Electrolytic spot, £34 10s; future, £35.
Standard spot, £31; future, £31 2s 6d.
Tin: Spot, £229 15s; future, £228 15s.
Lead: Spot, £11 7s 6d; future, £11 12s 6d.
Zinc: Spot, £15; future, £15 7s 6d.
Silver: 18 9-16d. per ounce.
Gold: 128s 7d.
Canada—November 14—
Gold: $33.26.

Additional mining news on page 15 this week



The steady drone of the aeroplane in Northern skies is adding a constant impetus to Canadian mining development. This progressive factor has eliminated the handicap of distance in the opening up of promising new mining areas.
Maple Leaf Mines are making daily use of aeroplanes in the development of the Casey Summit Gold Mines. Write for full information regarding the various interesting mining properties under development by this company.
MID-CANADA EXPLORATION CO., LIMITED
500 DOMINION BLDG., TORONTO
ADelaide 0447

Gunnar Gold Mines
BOUGHT — SOLD — QUOTED
J. H. Hirshhorn & Co.
LIMITED
Investment Bankers
302 Bay St. WA. 3041 Toronto

SURVEY - EXPLORATION - TRANSPORT - PHOTOGRAPHY
★ Standards of SAFETY

★ MODERN PLANES
★ EXPERIENCED PILOTS
★ SKILLED ENGINEERS
★ WIRELESS COMMUNICATION
★ WEATHER REPORTS
CANADIAN AIRWAYS
Limited
MONTREAL WINNIPEG VANCOUVER
Toronto Office 1430 Canadian Bank of Commerce Building
Edmonton Office . . . . . . Richardson Bldg.

The Stock Exchange Merger Page 9

LARGEST CIRCULATION OF ANY CANADIAN FINANCIAL PAPER

THE FINANCIAL POST

The Canadian Newspaper for Business Men and Investors

CANADIAN MINING NEWS DEPARTMENT ON PAGES 15-16

Vol. XXVII | Member of Audit Bureau of Circulations | PUBLICATION OFFICE: TORONTO, NOVEMBER 25, 1933 | 10c a Copy; $5.00 a Year | No. 47

The Nation's Business

Getting the Most Out of Ottawa Agreements

Nation Must Take Full Advantage of Opportunities

Stock Exchange Merger

Promises to be of Value to Investors All Over Canada

Imperial Preference Making It Work

THE trade agreements signed at the Imperial Economic Conference in Ottawa in 1932 were a great constructive achievement for Canada. Someone has pertly remarked that a group of American politicians named Fordney, McCumber, Smoot and Hawley were the men who really put Canada's signature on the Empire trade treaties. But the effort to strengthen the economic bonds of the Empire started before their time. Far-sighted statesmen in Britain, Canada and elsewhere have fought hard for many years to work out an Empire economic plan, not simply to foster a defiant Imperialism but to make the citizens of the Empire happier and more prosperous. The step that was taken at Ottawa was the greatest to be taken in several decades of insistent effort.

More than any other man Canada's prime minister was responsible for the success of the Ottawa Conference. The trade agreements are his monument. He can hardly hope to build a larger one in his life time.

* * *

GETTING the agreements signed was the first problem, a difficult one. Making them work out according to the objective of their sponsors is the present problem, little less difficult. To a very remarkable degree, the agreements are working. The steady improvement in Canadian conditions since February last may be traced in no little measure to the new markets our producers have found in Great Britain.

Although the trade agreements have been in force less than the full year our exports to Britain in the twelve months to September 30 were $200,000,000 as compared with $173,000,000 in the twelve months of the previous year. In the same period our exports to foreign countries declined from $301,000,000 to $263,000,000. How much more serious our condition would have been in Canada if we had not had the new British markets to make up for our losses in foreign markets?

At the same time we increased our imports from Britain by a million dollars while our imports from foreign countries were declining by $94,000,000.

Of course if we had merely diverted trade from non-Empire countries to Empire channels it could be argued by some people that, while we had strengthened the Empire, we had not particularly helped either ourselves or the world at large. But the evidence is strong that we did all the foreign business we could have done anyway and that our Empire business was trade we would not have got, had there been no Ottawa trade treaties.

* * *

BUT the new fiscal set up is not doing all it could do for us. The Financial Post has revealed how the wonderful opportunity created for Canada in some such fields as apples and bacon, to mention but two items, is being utilized only in part.

It is a job now for the whole nation to take full advantage of the special export opportunities that have been created; by a well organized co-operative effort to supply to the British markets the products the British people want to buy, graded and packed according to their tastes and habits, and supplied in such quantities and at such times as market conditions over there dictate. This is a tall order but one that must be filled if the Ottawa treaties are to flower as they should.

To find the weaknesses in our export policies and methods and to bring together the people who can correct them is a task to which the prime minister may well devote a large portion of his time.

* * *

RECENTLY when The Financial Post attempted to define some of the weaknesses in our marketing of apples in Britain and to offer suggestions (that had been prepared by a trade expert after complete and careful study) the prime minister misread our article as a criticism of his rightly cherished Ottawa agreements. He was provoked to attack The Financial

(Continued on page 2, col. 3)

BOND DEALERS MAY ORGANIZE OPEN MARKET

Central Bank Plan Seen as Intensifying Need

I. B. A. INVESTIGATES

Might Help Develop Elasticity of Money Rates, Call Money Market

Formation of bond exchanges in Canada by investment bankers is now a possibility, it is understood. Publication of the report of the Royal Commission on banking leaves dealers with a free hand to act as they wish in this respect.

Central bank dealing in securities on the open market are seen by some as intensifying the need for official bond exchanges, as contrasted with the present method of dealing by telephone. The Investment Bankers' Association of Canada investigated the possibilities for bond exchanges last year, and are understood to be continuing the work this year.

Canadian stock exchanges, experts agree, are not yet fully suited to the handling of active bond dealings. They have the facilities, but not the requisite volume of bond business, to make an active market. The Canadian banks and bond dealers possess the trump cards at present in that they maintain the actual contacts with investors. And having most of the dealings in their hands, other business naturally flows to them because their quotations are closest and dealings can be carried out in volume.

May Come Through I. B. A.

Because of certain comments in the Banking Commission report, however, it is felt that formation of official bond markets in Canada is considered desirable.

It appears likely that any exchanges formed would be organized through the Investment Bankers' Association of Canada, the body considered most experienced and best equipped for the purpose. It is also possible, however, that stock exchanges may make a bid for a larger part of the bond business, especially if bond dealers fail to form their own exchanges.

Development of official bond markets, where quotations would be listed throughout the day, and commissions charged, as on stock exchanges, might be helpful in establishing a Canadian money market. Some economists claim that establishment of money markets and their development in other countries have been greatly facilitated by establishment of central banks. Central bank credit-control operations in Canada, it is conceded, would, in the first instance, have to be largely through bond dealings. So the combination of central banking and official bond exchanges might bring greater elasticity in Canadian money rates.

Money Posts Possible

If such elasticity is developed, and it is not expected to come overnight, there might also be loan posts on both bond and stock exchanges. Canadian call loans, which are granted to be in the nature of commercial advances at present, might become real call loans. If such genuine call money markets were to develop, the elasticity of Canadian interest rates might be further advanced.

Obstacles which have been encountered to plans to form bond exchanges are understood to come from only a few sources, except for technical problems. Some of the larger dealers are understood to have been against the suggestion. They have felt, it is believed, that they would be allowing competitors to get more of the bond business, since all would be on a more or less even footing, at least as to prices and availability of bids and offers for bonds.

That there is some strong sentiment among dealers for open market dealings in bonds is shown by the following remarks by Col. J. G. Weir, of McLeod, Young, Weir & Co., immediate past president of the I. B. A. of Canada:

"With a view to further improving conditions in our own business and the relationship between the investment house and the investor, a good deal of consideration has been given by many of our members as to the

(Continued on page 2, col. 7)

Complete New Deal Urged By Commission Upon Newfoundland

Amulree Report Would Abolish Political Government and Set Up Rule by Commission Under Aegis of Great Britain

BRITAIN MAY GUARANTEE BONDS

Political Union With Canada Not Thought Feasible, But Lease of Labrador to Trading Company Suggested — Report Gives Intimate Picture of 80-Year Struggle

Sweeping recommendations as to the financial and political future of Newfoundland are contained in the report of the Amulree Royal Commission which for the past six months has been undertaking an exhaustive survey of the serious financial and economic condition of that country. The report is one of the most significant documents as affecting the welfare of a member of the British Commonwealth of Nations that has appeared in a generation.

Financially the report urges that Great Britain assume responsibility for Newfoundland's finances. This would probably mean exchange of Newfoundland bonds now outstanding for debentures bearing a much lower interest coupon, but guaranteed by the British government. (For details of this plan see page 5.)

The major political recommendations may be summarized as follows:

1. Suspension of the existing form of government until the country may again become self-supporting.
2. Introduction of a government by "Commission," presided over by the governor of the island, and with full legislative and executive authority, subject to supervisory control by the British government.
3. The Commission to consist of six members, three from Newfoundland; three from the United Kingdom. Each commissioner to be responsible for one of six government departments to be created.
4. Financial responsibility for the island to rest with the United Kingdom until the island again becomes self-supporting. Responsibility for a reduction in the present burden of public debt to rest specifically with the United Kingdom government.
5. Inauguration of the plan is to be dependent on a submission by both houses in the Newfoundland government, to Great Britain. Responsible government to again be restored at the request of Newfoundland, once difficulties are overcome and the country is again self-supporting.

In a British parliamentary "white paper," issued simultaneously with the report, the British Government has indicated its willingness to advance the necessary financial assistance to assure the colony's solvency. While regretting what has happened, the British Government "feels it impossible to dissent from the main conclusions and recommendations at which the commission unanimously arrived." It is believed that the Newfoundland Government will also accept the recommendations, and will legislate that the country "be given a rest from party politics for a period of years."

The report is signed unanimously by the three commissioners: Lord Amulree, representing the British Government; C. A. Magrath, representing Canada; and Sir William Stavert, of Montreal, representing Newfoundland. No mention is made of the sum advanced by Canada last year in respect of Newfoundland's debt, but as the report recommends that for the future Great Britain assume financial responsibility for the colony, it is presumed that this will be refunded to Canada by the British Government.

Fisheries at Low Ebb

The most important recommendation arising from this new political set-up is the task of rehabilitating the cod fishery of the island. This great industry, which is the mainstay of the country, is found to be in a state bordering on general collapse and immediate and drastic reforms are urged. The commission sets forth in detail a comprehensive plan which it suggests might be followed in such rehabilitation. It includes:

1. Gradual abolition of the vicious credit or "trucking" system between merchants and fishermen.
2. Divorcement of the industry from political control, with an entirely new administrative set-up.
3. Resuscitation of the deep-sea fishery and the "fall" fishery.
4. Further development of fish-canning industries.

Much Research Needed

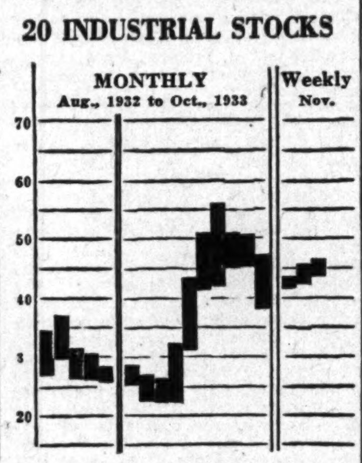
Other recommendations urge expert enquiries into the steamship and railway services of the country; the forestry, education, livestock, and the appointment of a qualified geologist to advise regarding the future mineral development and policy of the country. It is urged that the civil service be reorganized and that existing boards and commissions on the island be wound up so as to give the new administration a free hand. The need of improved statistical service, public libraries, a Royal Naval Reserve, a new police and game warden body, is stressed, as is also the need for encouragement of municipalities throughout the island.

Of particular interest to Canada is the thoughtful analysis of the whole history past, present and future of a possible union of the two jurisdictions. The proposal is dismissed as impossible of fulfilment at the present time and the thought expressed that if Newfoundland should at any time enter the Canadian Confederation she should

(Continued on page 2, col. 5)

Stock Market

20 INDUSTRIAL STOCKS



MARKET RECORD

20 Industrial Stocks	High	Low
Week of Nov. 21	46.0	43.5
Week of Nov. 14	45.5	42.6
Month of November, 1932	30.2	26.1
10 Public Utilities		
Week of Nov. 21	49	47
Week of Nov. 14	49	48
Month of November, 1932	48	43
8 Bank Stocks		
Week of Nov. 21	168	162
Week of Nov. 14	173	170
Month of November, 1932	173	161

Southern Canada Power Cuts Rates Meet Situation

From Our Own Correspondent

MONTREAL.—Southern Canada Power Co., operating in the Eastern Townships of Quebec, has offered customers in St. Hyacinthe a reduction of about one-third in present rates as applying to domestic and commercial lighting. This follows upon the action of St. Hyacinthe ratepayers in voting to establish a municipal system.

No decision has been given by St. Hyacinthe as to whether or not it will accept the company's offer which would apply on and after March 1 next. While the ratepayers have passed the referendum on municipalization, this is no obstacle to accepting the terms put forward by the company.

The action of Southern Canada Power is regarded in Quebec utility circles as having important significance. Other municipalities in the area served by the company will undoubtedly demand treatment similar to that extended to St. Hyacinthe. It may also have the effect of disturbing rate structures in other parts of the province.

Over the past two years there has been a steadily growing agitation for reduced domestic and commercial lighting rates in Quebec. Quebec City has been to the fore in demanding a revision. St. Hyacinthe and several other small municipalities have been at outs with the power companies. In the case of Quebec City and St. Hyacinthe the power companies have made concessions. In neither case has the offer been accepted to date.

Week's Figures Indicate Losses Balance Gains

Slight recession from the immediate high point of September is shown by The Financial Post business index for October, the loss being less than 1 per cent. Other October indicators of business released during the past week show a mixed trend. Electric output, exports, imports, insurance sales, newsprint production and steel ingot production are higher than in September, while pig iron production, automobile production, cigarette consumption, butter production and building permits show losses. In every case at least a portion of these losses can be attributed to seasonal causes.

With the exception of wheat, speculative commodities fluctuated without any definite trend during the past week, the irregularity being generally accounted for by differences of opinion on the result of United States currency inflation. Dollar prices were generally higher somewhat offsetting the decline in the gold value of the United States dollar. Wheat at Winnipeg remained fairly steady during the week, but export demand was too light to create any definite strength.

Monthly:	October, 1933	—Change— From prev. period %	From prev year %
Pig iron prod. tons	27,002	—12.9	+301.1
Electric output kw.h.	1,617,786,000	+8.6	+16.4
Auto. output No.	3,682	—36.6	+26.0
Exports .... $	60,213,729	+4.2	+6.3
Imports .... $	41,089,424	+6.2	+10.7
Cigarettes released ... No.	379,614,915	—9.7	+77.1
Butter output lbs.	18,024,176	—22.7	—4.9
Insur. sales.. $	31,472,000	+24.0	+4.9
F. P. Business Index	90.2	—0.8	+17.9
Newsprint prod. ... tons	191,452	+6.8	+21.5
Bldg. permits $	1,762,947	—13.3	—44.4
Steel ingot prod. .. tons	48,496	+25.6	+183.5
Weekly:			
D.B.S. Index No.	84.2	+0.4	+12.3
Car loadings No.	47,442	—6.4	+7.1
Cattle sales No.	14,522	—7.8	+19.2
Hog sales . No.	21,407	+1.9	—11.2

*Weeks ended Nov. 11, 11, 16 and 16, respectively.

JANUARY DATE SET FOR MEET OF CABINETS

Dom.-Provincial Conference Forces Important Agenda

PUBLIC INTERESTED

Companies' Act Unemployment Relief, Wheat Agreement, Central Bank Will Be Discussed

From Our Own Correspondent

OTTAWA.—While plans have not yet crystallized, it is regarded as certain that the Dominion Government will summon a Dominion-provincial conference before the next session of parliament begins. The conference probably will meet very early in January. At this conference a dozen or more important legislative and administrative problems will be discussed and the general principles of major legislation both at Ottawa and in the various legislatures determined.

In the meantime, a Dominion-provincial conference to be devoted solely to the matter of control of buses and trucks will assemble at Ottawa on December 14. Hon. Dr. R. J. Manion, minister of railways has issued a statement with regard to this meeting and has pointed out that it will be concerned with matters of insurance, standardized statistics, working conditions, safety restrictions, licensing and publication of rate schedules—all affecting bus and truck operations in Canada.

Provincial Question

For the reason that control in these matters lies exclusively with the provinces, the Dominion Government is not directly concerned. But Ottawa was enjoined by the report of the Duff Commission to provide the facilities for a general discussion by all the provinces and this is now being done.

The other problems which await discussion with the provincial Governments are far weightier and of more direct interest to the general public. It is very doubtful if any effort will be made to enlarge the conference on December 14 to include other matters. It appears more probable that a separate conference will be necessary.

Important Agenda

Among the questions that will come up at the later conference will be: the revision of the Companies Acts, unemployment relief, the wheat agreement, rural credits, unemployment insurance, the central bank, and a number of agricultural questions.

The revision of the Companies Acts is already under way, with officers of the justice department in consultation with officials representing the more important of the provinces. But a general conference will be necessary to put the finishing touches to the proposed revision and to ensure that it will be made uniform throughout the country.

Unemployment Relief

Unemployment relief continues to offer new phases and unexpected difficulties and the usual practice, it is learned, will be followed in calling representatives of the provinces to Ottawa. Prairie Governments are highly critical of certain changes made in the agreements entered into last spring, affecting federal grants in aid of unemployment single men. The changes, it is contended, place a larger burden of expense on the provinces and reconsideration will be urged strongly when federal policies are overhauled.

The wheat agreement remains, to date, a scarcely touched field of Government activity. Under the agreement Canada is bound to control the total export movement of wheat and to reduce this out-turn next year. The active co-operation of the three Prairie Provinces in any federal control machinery is regarded as essential to success. All three provincial Governments have endorsed the principle of reduced wheat production and they may be asked to go further and join in a legislative programme designed to curtail wheat acreage. Of this, however, an intelligent forecast of federal policy is impossible for the reason that final decisions will not be reached until after the close of navigation. It looks as if export sales of wheat this crop year will not exceed 70,000,000 bushels by freeze-up and the winter movement will necessarily be light.

Prepare Control Machinery

The Government, therefore, will have four or five months between freeze-up this fall and the opening of navigation next spring to formulate control machinery and sumbit it for approval to the western provinces.

Discussion between Ottawa and the provinces on rural credits is of more immediate concern. The Macmillan report recommended a state operated intermediate credit system and suggested that the provinces should be consulted before Ottawa adopted a definite policy. While it is more than probable that the operations of the Federal Farm Loan Board will be extended to include intermediate credit, the provinces will have to be consulted before legislation is introduced at the forthcoming session.

Cheaper Annuities Possible

The unemployment insurance problem haunts the present Government. Premier Bennett is

(Continued on page 2, col. 1)

Social Note

—Drawn for The Financial Post by Cecil Thomson.

TORONTO-STANDARD

A wedding has been arranged between the Toronto Stock Exchange, Harold Franks, president, and the Standard Stock and Mining Exchange, G. W. Nicholson, president, and will take place (all going well) on January 2. Col. Geo. A. Drew, Ontario securities commissioner, is the officiating clergyman.

AGRICULTURAL MARKET ACT SEEN POSSIBLE

Much Has Already Been Done in Forming Plans

From Our Own Correspondent

OTTAWA.—Enactment of a Dominion Marketing Act at the next session of parliament is regarded at Ottawa as a distinct possibility. One formal conference between representatives of the Federal Government and various agricultural industries has already taken place and a second and, it is thought, final conference is scheduled to be held at Toronto next week. In addition, representatives of at least two divisions of the agricultural industry have been in fairly constant touch with cabinet ministers on this question for the past three months.

The Government, it is understood, is considering a Marketing Act as a means of raising the domestic prices of livestock, particularly beef, and of fruits and vegetables. Very little is being said of dairy products, of eggs and poultry.

Government Forced In

At this matter now stands, it is thought that Hon. Harry Stevens, Minister of Trade and Commerce, was definitely speaking for the Government when he said in a recent speech at Winnipeg: "If private enterprise fails to find a solution, then the Government may have to step in. But the Government is not the best qualified agency to determine the price of commodities. Private enterprise should get together and agree upon an increase in livestock prices. But the trouble is that each individual is looking for something to his own advantage from a purely profit standpoint."

It is understood that dairy products are not presently regarded as suitable for the operations of a Marketing Act and the Government, it is believed, considers itself already as being the decisive factor in wheat prices. No extension of present interference in the wheat trade is thought likely unless it become imperative to intervene in the interests of the wheat agreement.

Will Follow U. K. Act

Events have proceeded so far in regard to the proposed policy that it is understood the Government has decided to follow the broad lines of the British Marketing Act. The intention is to adapt the British statute to Canadian needs and it is notable that Mr. Stevens is now on his way to London, ostensibly for a rest, but more probably to combine a holiday with a study of the experience in the Old Country under the two statutes passed at Westminster.

These statutes, passed in the sessions of 1931 and 1933, give a clue to what is now mooted for Canada. In some respects, such as in the power conferred by the British statutes to regulate imports, the British laws are of little significance in Canada. But in many others, the statutes would appear to provide a legal basis for much that some of our agriculturists have been urging in recent years.

Producers Submit Plan

Under the British Acts any group of producers may formulate a marketing scheme and submit it to the Government. When this is done, the Government appoints a marketing and supply committee to investigate it. An enquiry takes place and complete details of the scheme, of

(Continued on page 2, col. 1)

Highlights of the week

Window Dressing

How the Royal Commission report shows the means by which Canadian banks dress their financial windows for month-end and year-end statements. Page 12.

Australian Recovery

With a home-brewed recovery plan, Australia is making a come-back largely on her own initiative. How it was done in the face of adversity. Page 3.

Selling in Germany

What a Canadian saw in Hamburg. A survey of Canadian trade in the German market. Page 3.

A 30-Year Climb

How, between 1902 and 1933, Julian C. Smith climbed to the presidency of Shawinigan Water & Power. The human side of a business leader. Page 8.

Trouble in U. S. A.

Not only the N.R.A., but its partner the A.A.A. (Agricultural Adjustment Administration) is coming in for abuse in the United States. Dr. Gaines T. Cartinhour of New York University tells why. Page 9.

Silence Golden?

Who is responsible for ignorance? Those institutions which fail to disseminate information to the uninitiated, according to W. P. Tuttle. Why silence is not always golden. Page 6.

Exchange Merger

Merger of the Toronto and Standard stock exchanges may mean vast changes in the Canadian investment structure. How the merger is to be worked out, and its effects on investors. Page 9. And now formation of bond exchange in Canada may develop. Page 1.

Newfoundland

Because of its financial embarrassment, Newfoundland may revert to a crown colony. The Royal Commission report analyzed. Page 1. How it may help holders of the oldest Dominion's bonds. Page 5.

Sterling premiums for investors	11
Montreal Is. Power sued	4
Canadian Car & Fonudry deficit	4
Abitibi sells properties	4
Can. Malting Profits jump	10
Maple Leaf Milling interest	10
Imperial Bank profits steady	12
Newsprint mens' differences	10
Montreal Power's sales	10
Teck-Hughes earns dividend	16
Dome's profit in Rand shares	16

INDUSTRIALS, UTILITIES, ETC.

Abitibi	4, 11	Mitchell, Robt.	8
Assoc. Telephone	11	Mtl. Is. Power	4
Barclay's Bank	5	Maple Leaf Mill.	10
Brazilian	5	N. S. Cold Stge.	4
Bruck Silk	5	Nat. Grocers	11
B. C. Power	4	Power Corp.	11
Brand.-Henderson	4	Price Bros	8
B. C. Packers	5	Queen's Pk. Plaza	5
Can. Airways	5	Service Stns.	11
Can. Creosoting	4	Shawinigan	4
Can. Car & Fdry.	4	S. Can. Pwr.	1, 4
Can. Malting	10	Tor. Gen. Tr.	11
Gen. Brock	11	Walker-G. & W.	1
Imperial Bank	12	Weston, Geo.	5
Int'l. Hydro	11	Walkerville Br.	5
Imperial Oil	5		

MINES AND OILS

Alta. Pac. O.	15	Greene Stabell	16
B. R. X.	15	Malrobic	16
B. C. Nickel	15	Macassa	16
Bralorne	15	Siscoe	16
Cariboo Gold	16	Sudbury Nickel	16
Central Man.	15	Teck-Hughes	16
Dome	16	Vanalta	16

QUOTATIONS

Bonds	14	Mines	15
Grain	10	Stocks	14
Foreign Exchange	12		

REGULAR DEPARTMENTS

Answers to Enquiries	11
Business	7
Banking	12
Editorial	6
Grain and Milling	10
Insurance	13
Mining	15, 16
Utilities and Transportation	4

THINKS WALKER IS BEST FIXED IN U. S. FIELD

H. C. Hatch Tells Shareholders None Can Foretell Tax Situation

NO MERGER HERE

Chairman Tells How Runaway Stock Market Stopped Can. Amalgamation—Why Walker Crosses Line

At the annual meeting of Hiram Walker-Gooderham & Worts Ltd., in Walkerville on November 17, Harry C. Hatch, chairman of the board, told the 250 shareholders who crowded the room where the meeting was held that the directors felt the investment made in the United States had been in the best interests of the company from the long point of view.

"I am not going to prophesy but I believe that if the distilling business is any good—and up to date it has always been good—that this company is in the best position of any engaged in this trade in America to take advantage of whatever opportunities arise.

"The profits to be made are subject to so much regulation, particularly Government taxation, that it is almost impossible to foresee what is to take place, but if any money is to be made out of the business I believe Hiram Walker will secure their share."

Canadian Walker Finances U. S.

Mr. Hatch said that, because of the active market in shares of distillery companies in the United States, it would have been possible for the company to secure from the U. S. public the money necessary for the creation of the greatest distillery in the world, now being built at Peoria, Ill., but it was felt by the directors that if profits were to be won the shareholders who had stood by the company for so long should get the first opportunity to profit. If, on the other hand, it should turn out that the investment was not as good as expected it would be better that no other shares should have been sold to the public or to the shareholders. The management had considerable money in its hands and was lending it to the United States company to build the distillery, and the board after reconsidering the situation, had no regrets for anything that had been done and believed in looking forward with considerable confidence to the future.

Why Merger Fell Through

Mr. Hatch pointed out that the distillery trade has passed through the most interesting period in 1933 since distillation began. At the last annual meeting the question of merger with other Canadian distilleries had been much to the fore. Merger negotiations had been resumed in April, 1933, and arrangements had been arrived at between the five largest concerns. These arrangements seemed to be acceptable or almost so to each of the companies. About this time, however, the complexion of affairs in the United States began to change rapidly and the stock market commenced to favor distillery shares to a greater extent than had been experienced in three or four years. The result was that share values of the different companies became so out of balance with reference to each other that agreement as to an exchange of shares on a reasonable basis between companies became impossible. Therefore the merger was not effected.

Whisky Exports Transient

The board of directors had surveyed the situation in the United States with the object of understanding the situation as it would be when repeal became accomplished. They decided that in the liquidation of their inventories in the United States a large amount of goodwill would be built up and they had to decide whether they should liquidate their inventories of whisky and confine themselves to the Canadian market in the future or enter the United States in such a manner as to take advantage of the goodwill which they expected to build up. They felt that the possibility of continuing to ship whisky from Canada once the United States distilling trade was in a position to take care of their market would be an almost impossible proposition.

"We were faced with the problem as to whether we should continue business or liquidate and in reaching a decision your directors had to consider these factors. The two companies making up Hiram Walker-Gooderham & Worts had been in business for some 75 and 100 years respectively. They already possessed the capital necessary for expansion besides lots of whisky to carry them along and they had capable personnel; they would be in a first-class position to enter the market—equal to, if not superior to, that of most of the United States concerns, and after due consideration the board decided to commence such a preparation as would enable us to enter the United States market when the proper time arrived.

"We first made a survey of the available plants. Most of the plants had been dismantled and available ones were out of date. About this time we got in touch with the Hon. W. E. Hull He was a congressman for Illinois for ten years and formerly general manager of Clark Bros. distillery at Peoria. We investigated several states in which most of the distilleries had operated before prohibition, Maryland, Pennsylvania,

(Continued on page 2, col. 7)